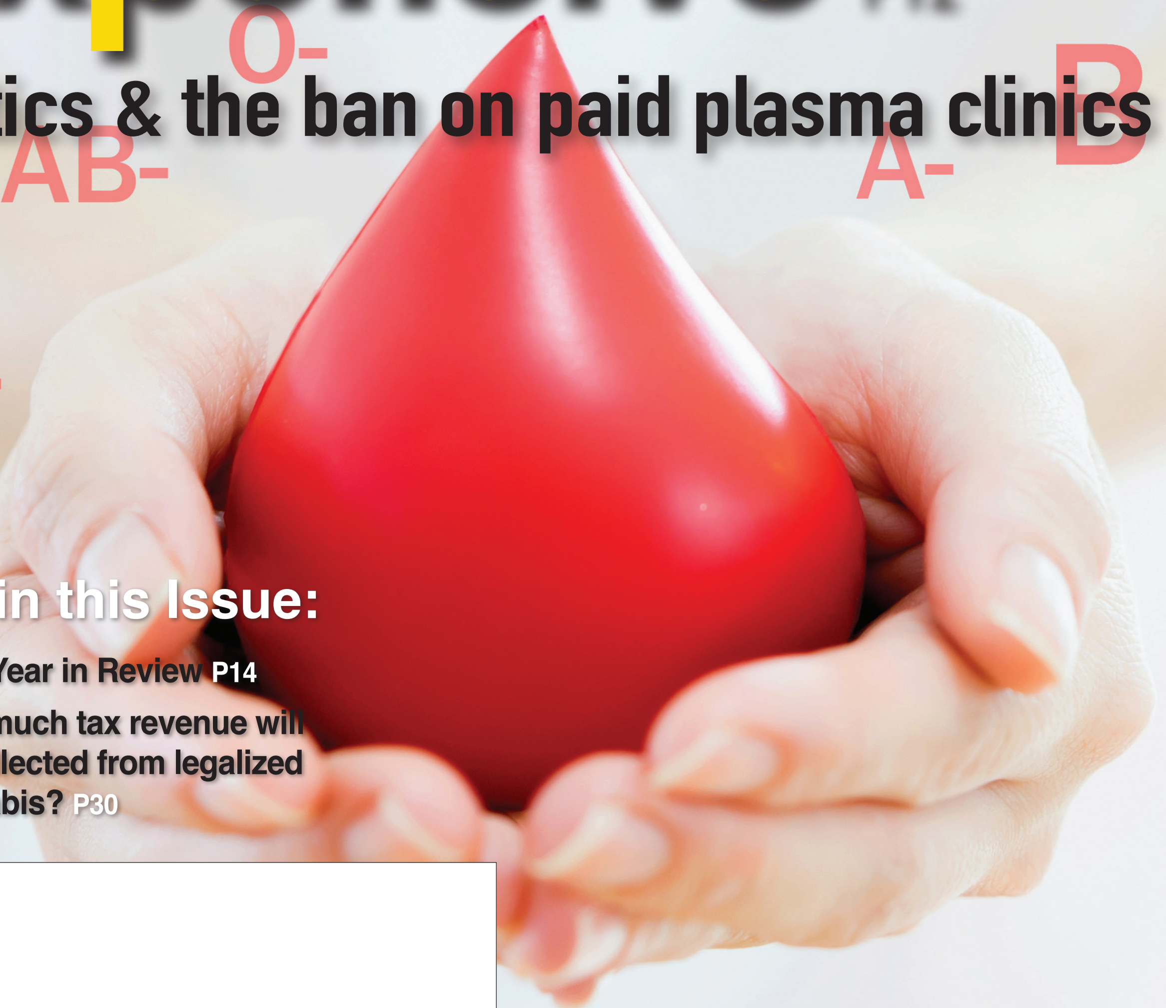
the taxpayer
WINTER 2018

Bloody expensive P12

Politics & the ban on paid plasma clinics



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From the President

Troy Lanigan
tlanigan@taxpayer.com

Big government or small?

The *Toronto Star* recently reported — with great shock — that since the overnight 21% increase in Ontario's minimum wage, daycare costs have gone up.

Wow! Who knew that increasing a seller's cost might increase a seller's price?

We are now pretty much universally governed in Canada by people who believe more government regulation and more government spending makes us better off, especially those at the margin. Seldom are the unintended consequences of this grand experiment of big government ever considered.

Doubtless, before the ink is dry on this article a new "subsidy" will be in the works to offset the higher cost of daycare in Ontario.

But there is an interesting counter-experiment taking place to the south of us.

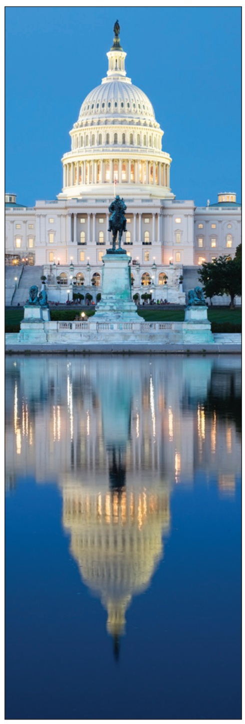
The US government has just cut personal taxes for most Americans (temporarily) and cut corporate taxes (permanently) — the most significant US tax reform in 30 years.

What's interesting is the way in which many large companies have responded. It's reported some 130 companies have announced they are offering employee bonuses and increasing wages, including Walmart, AT&T, Bank of America, Comcast and Jet Blue.

Walmart's minimum wage has jumped to $11; many financial institutions are increasing theirs to $15. It's also reported many will improve benefits.

And it's not just rising wages: it's expanded payrolls, new offices, and investment in equipment. (Of note, the latter is down 33% in Canada since 2000.) Apple, for example, has announced 20,000 new jobs as part of a $30-billion capital expansion over the next five years.

"The US government has just cut personal taxes for most Americans (temporarily) and cut corporate taxes (permanently) — the most significant US tax reform in 30 years."



Of course, Ontario also raised its minimum wage, but the difference is that businesses didn't have a corresponding increase in income. It's reported the average Tim Hortons outlet in Ontario will shell out an extra $244,000 to cover higher wages. What does that mean? Higher prices, reduced work hours and benefits.

US tax cuts usually spark discussion of the economic implications for Canada, including capital flows, jobs and the like and that's certainly important.

But more consequential is the question posed by a recent Lawrence Solomon column: which model of government — big or small — produces better prosperity for its people, especially those who might work in a daycare or grab a double-double to start their day?

Every country has commemorative days. Some are national holidays (Canada Day) while others are symbolic (National Seniors Day). But Lithuania has one that is a world's first: this May 11 will be Respect for Taxpayers Day.

Brainchild of the Lithuanian Free Market Institute, its president Žilvinas Šilėnas organized and presented a petition to the national government. "Lithuanians file their annual tax returns in May, and public debate heightens. Respect for Taxpayers Day will increase understanding of the tax system and awareness of how taxes are spent," Šilėnas says. t

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Publisher
Troy Lanigan, President & CEO

Editor-in-Chief
Scott Hennig, Vice President, Communications

Art Director/Design
Dean Smith, Publications & Webmaster

Editor
Bruce Annan

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Regular Contributors
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This Issue's Contributors
Dr. Peter Jaworski, McDonough School of Business
Peter Shawn Taylor

Advertising
Contact Scott Hennig: shennig@taxpayer.com

Offices

Administration & Prairie (SK & MB): #265 - 438 Victoria Avenue East, Regina, SK S4N 0N7
PH: (800) 667-7933

British Columbia: P.O. Box 20539, Howe Street RPO, Vancouver, BC V6Z 2N8
PH: (800) 699-2282

Alberta: PO Box 14043 Richmond Road PO, Calgary, AB T3E 7Y7 PH: (800) 661-0187

Federal: #712-170 Laurier Ave W, Ottawa, ON K1P 5V5 PH: (800) 265-0442

Ontario: P.O. Box 74507, 270 The Kingsway, Etobicoke, Ontario M9A 5E2 PH: (647) 343-4150

Québec: 1410, rue Stanley, bureau 1010, Montréal, QC H3A 1P8 PH: (514) 755-1987

Atlantic: 5201 Duke St, PO Box 34077 Scotia Square, Halifax, NS B3J 1N0 PH: (877) 909-5757

E-mail: admin@taxpayer.com

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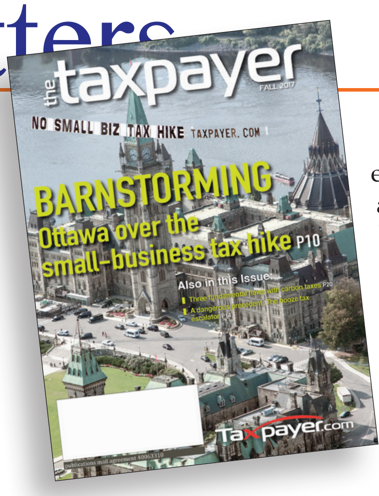

More carbon tax flaws

I would suggest that there is a fourth flaw with carbon taxes (Three fundamental flaws with carbon taxes, *The Taxpayer*, Fall 2017) that seems to have remained unmentioned until now; namely, that fuel prices are depressed and have been for some time, with no prospect for increase anytime soon, given the current oversupplies of the underlying commodities. Adding a carbon tax is likely to only bring them partway back to where they were 10 years ago. How is that going to change behaviour?

People seem to forget that the so-called financial crisis of 2008 was also accompanied by $150 crude oil. I would suggest this was the other major factor in that recession, as most families found themselves spending $20-30 per week more on gasoline, not to mention home heating oil and higher prices at the supermarket. How did it change our behaviour? It just meant that we spent less on non-necessities.

Flash forward a few years and the Ontario government added the 8% retail sales tax to gasoline and we hardly noticed.

Adding carbon taxes when fuel prices are lower than they have been in years should have all of us questioning the sincerity of politicians when they claim it is for environmental reasons.

Brad Williams
Manotick, ON

Letters to the editor

Letters may be edited for length, content and clarity. Send your letters to:

the taxpayer

c/o #265-438 Victoria Ave E.
Regina, SK S4N 0N7
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The most important reason that carbon taxes are flawed is that factual recorded data do not support the claim that carbon dioxide is responsible for significant changes in global climate. The advantage of increased CO_2 levels in our atmosphere is shown by the satellite data (since 1979) that the world is greening. Just like greenhouses, where they add CO_2 to achieve better plant growth.

Eric Loughead
Calgary

Commentators noting the BC experience rightly believe that any carbon taxes which are enacted would really be a grab for additional tax money. There is an obvious way a government could demonstrate revenue neutrality. It should simply calculate what portion of the provincial sales tax satisfies the federal requirements and rechristen it a carbon tax. This would be the ultimate in transparency as well.

Barry Graham
Mississauga, ON

Ed: The New Brunswick government is attempting something similar, re-branding a portion of the existing gas tax as a "carbon tax." Clever.

Supply management debate

I congratulate *The Taxpayer* on the Fall 2017 debate feature, which reveals the critical misinformation used to support supply management.

Martha Hall Findlay used economics to win the debate. Supply management is a euphemism for constriction of supply. According to basic economics, reduced supply of a commodity increases price. To argue from first principles, as Isabelle Bouchard attempts, that prices are not raised for consumers, can only be achieved by ignoring supply and demand, which of course she does.

It is true that supply control does amount to a subsidy: as Findlay points out, it is consumers who pay the subsidies directly, not government.

Most importantly, I think, supply management has the perverse effect of causing misallocation of resources: the money that consumers pay into the pockets of farmers would otherwise be spent elsewhere, or invested in industry where it is more needed. Ideally capital should be directed towards fulfilling the needs and wants of all of society, not just farmers.

I have great interest and sympathy for farming and farmers, but they shouldn't really be getting freebies. It would be better to end supply management and compensate by removing some of the many burdens government places on farmers.

Nicholas Moat
Burlington, ON

In her defence of supply management, Bouchard claims that "retail prices for milk are in line with … other jurisdictions," quoting a 2016 Canadian price of $1.48/litre. On Nov. 22, 2017, Kroger Foods in Detroit was advertising its milk on-line at $1.99US/gallon ($0.67CDN/litre), a far cry from her stated US price of $1.22. Windsor is blessed with a nearby border crossing and many regularly make use of it to escape Canada's many forms of rigged pricing.

My observations from living here are in direct contradiction of her polling. I would comfortably wager that if all Canadian shoppers had ready access to a border crossing, her

claimed stats would be run over by a US-bound stampede. Our systems of fiat pricing would collapse overnight. In a well-functioning economic system, farmers don't need to "work together to match domestic demand," as if we were subject to some five-year communist plan; production would more than match demand and sellers would compete via pricing.

Contrary to her statement, supply management does indeed affect trade negotiations and we know that it is a considerable sticking point in the NAFTA renegotiations, just as it has been in the past.

Richard Fuschi
Windsor, ON

Martha Hall Findlay has no clue what she is talking about when it comes to supply management. Excess production in the US is either bought up by the government or dumped because there is no market for it. Most farmers in the US would love to have our system but can't seem to get it together. Findlay has had a hate on for supply management forever and even with all the positives about supply management her mind will not be changed.

Eric Laughlin
Rosedale, BC

I appreciate your work and am a longtime supporter. But when it comes to aboriginal issues, you are anxious not to offend. "The concepts of transparency and accountability have always been in existence for First Nations people." What does that even mean? It's in the same category as "First Nations are and always were guardians of the environment" and similar slogans. It's all noise, designed to make us feel good and snooze on.

Is Charmaine Stick fighting on behalf of taxpayers? Why is it up to taxpayers to fight and finance a dispute that should be fought and financed by those who'd benefit from victory: the band members?

Taxpayers must be educated on how much First Nations cost us.

Yes, all this is a tricky subject, but why? Because there is almost nothing but misleading propaganda out there and nobody — Conrad Black in the *National Post* excepted — dares to be truthful. I'm disappointed the CTF isn't joining him.

Jerry Mencl
Telkwa, BC

Ed: Charmaine has personally risked more than many of us can imagine by taking on the leadership at her band. And if we are successful, bands across Canada will have to abide by the law and be more transparent with how public dollars are spent. That will be a win for all taxpayers, First Nations and non-First Nations alike.

In *The Taxpayer*, Fall 2017, Colin Craig offers three ideas for addressing "the grey tsunami."

Here are five more: 1. Give Canadians the choice to obtain hospital services and patient care from the private sector here in their own country. 2. Introduce an access-to-care guarantee. 3. Encourage the private sector with its innovation and entrepreneurship. 4. End the unionized medicare monopoly. 5. Copy the health care systems that out-perform medicare, all of which value a role for the hospital and physician private sectors.

Ronald Kustra
Canadians for Sustainable Medicare
St. Albert, AB

Featured supporter

Meet Glen Shoemaker from Grandview, MB. Glen and his late wife Audrey made their first donation to the Canadian Taxpayers Federation in 1993 and they have been contributing ever since. Glen recently moved out of his house, but he maintains his keen spirit and sense of humour. Not even reading the sad tales of government waste in *The Taxpayer* can bring down Glen's positive attitude.

Compiled by
Dean Smith

More troubling art in Calgary

Calgary is becoming world-renowned for its wacky art projects, paid for by city taxpayers. There is no better example than the latest $20,000 project created by Derek Besant and installed at Calgary's 4th Street underpass.

The city recently pulled it down after an English comedian, Bisha Ali, complained that a photo of her was used in the art installation without permission. The artist claimed the photos were of people who walked through the underpass.

After further research, Ali alleges photos of other British comedians were also used.

Though the images were flipped and blurred, after comparing them to the originals the city concluded there is a resemblance and took down the artwork. The city is now considering legal action to force Besant to return the money paid for the project.

This is just the latest scandal surrounding city art projects that has seen massive blue circles and junk installed along city thoroughfares in the name of art.

Source: *CBC*

Winnipeg taxpayers paying salary of union employee

Winnipeg taxpayers were shocked to find out they are not only paying the salaries of city employees, but most of the salary of a person working for the United Fire Fighters of Winnipeg Union.

In 2014, Alex Forrest left the fire department to work full time as president of the union. Typically, when an employee leaves his city job to work for the union, the city continues to pay the person's salary, but the union fully reimburses the city.

However, in this instance, the union struck an agreement with the city that the union would only pay 40% of Forrest's salary, leaving the city on the hook for the remaining 60%. In 2016, Forrest earned $116,342 while working for the union and the city covered nearly $70,000 of his salary.

According to the agreement, if Forrest is hurt while working for the union, the city is responsible for 60% of the Workers Compensation Board claim. The city will also pay out any unused sick time accumulated during his job as president of the union. While working for the union, Forrest was also promoted in the fire department, moving up from just below a lieutenant grade to captain, complete with a pay increase.

Though the city reached a new contract with its fire workers union in 2017, city council was unaware Winnipeg was on the hook for most of the union president's salary. It appears the city will continue to pay the bulk of Forrest's salary as long as he holds the position.

Source: *CBC*

Boozing the flight away

Since the 1970s, the federal government has been providing free, unlimited booze to bureaucrats and politicians taking international flights on government jets.

Guests, including media, have to play a flat fee, but can drink as much booze as they want.

Between December 2016 and December 2017, Ottawa spent more than $8,000 on five bottles of vodka, 584 cans of beer and 401 bottles of wine.

On Prime Minister Trudeau's official visit to China in December, the 56-member entourage consumed 241 cans of beer and 121 bottles of wine at a cost of $2,200.

And on Trudeau's official visit to Vietnam in November, his 50-member posse drank 79 cans of beer and 76 bottles of wine, costing taxpayers $1,685.

Source: *National Post*

Blue Jay tickets

According to federal government budget documents, in 2017 Global Affairs Canada spent nearly $10,000 on Toronto Blue Jay game tickets, with the bulk of the money spent on games played in Seattle.

The federal agency took 90 government officials and private-sector businessmen to the games with suite tickets averaging $153. The government officials were from BC, Mexico and the US.

This was not the only federal department to spend money on sporting events.

Canada Lands Company sent 23 employees to a Blue Jays game in Toronto at a cost to taxpayers of $1,245 as a "show of appreciation" for its employees.

Destination Canada spent $1,000 on tickets to wine and dine the movers and shakers in the international travel industry. This included spending $245 on a Vancouver Canucks game, $489 for tickets to a couple of Blue Jays games and

So who uses Canada's Challenger jet?

Credit: Wikipedia

$136 so an unnamed person could write about the Blue Jay games.

Canada Post bought tickets to the Rogers Cup tennis tournament in Montreal and Calgary's Shaw Charity Classic golf tournament. It refused to say how much money it spent or provide any reasons for the purchase.

In 2012, the Conservative government banned buying tickets to sporting events after it was revealed that the Department of Foreign Affairs spent nearly $10,000 on tickets for a Winnipeg Jets-Pittsburgh Penguins hockey game.

Since Justin Trudeau was elected, the government has resurrected the wining and dining habit.

Source: *Global News*

Financial fiasco cancelled but still costs millions

Although Montreal says it will no longer sponsor the Formula E electric car races in 2018 and 2019, taxpayers may still be on the hook for upwards of $16 million.

When former Montreal mayor Denis Coderre announced the event and the city's financial subsidy of $24 million in June 2017, critics were quick to point out that no previous host city had ever subsidized the race.

After Coderre lost the mayoral race in November, new Mayor Valerie Plante announced the city was cancelling the race after learning the city's costs for hosting the event could be closer to $35 million.

However, the city is still on the hook for nearly $16 million that Montreal It's Electric, the non-profit organization managing the race, had already spent.

There may be further costs associated with the cancellation, including ticket refunds. Prior to the election in November, it was revealed that only 25,000 tickets had been sold for the race; to boost attendance the city had given away 20,000 tickets.

Despite these expenditures, the city expects the cancellation will save taxpayers millions of dollars.

Source: *CBC*

Taxpayers are worried

Vancouver taxpayers were a bit dumbfounded by a recent project funded by the city's public arts program.

The city paid $65,000 to have Justin Langlois install a large neon sign that reads "Should I be Worried" on an old wood beam structure on False Creek, a short inlet in the centre of Vancouver.

Langlois is the city's first artist in residence, under a program budgeted to cost taxpayers $115,000.

Source: *Daily Hive*

The bonus round

Despite its rapidly increasing deficit, the Trudeau government rewarded senior bureaucrats by increasing the performance bonuses they receive based on how well they run their departments.

In his first year in office, 2015, Trudeau decided to increase performance bonuses for senior executives by 3.2% and deputy ministers by 3.4%. In 2015, senior executives earned between $106,00 and $202,500 a year and deputy ministers from $192,600 to $326,500.

While the previous Conservative government rewarded senior bureaucrats based on how much they cut spending, Trudeau paid bonuses based on "improving mental health and cultural diversity." A bonus was also paid to those trying to fix the Phoenix pay system debacle. (If the latest reports are true, instead of receiving bonuses, their salaries should have been slashed.)

Although the bonuses were increased by 3.4%, the actual amounts paid were often substantially higher due to more employees receiving bonuses.

The biggest increase was at the Canadian Human Rights Commission, where the number of executives receiving the bonus rose from 11 to 15, resulting in a 22% increase in the overall bonus payout. The second-highest increase went to the Public Prosecution Service of Cana-

Internet at only $18,000 per home

da, where bonuses increased by 17%, due in part to adding more executives.

Three departments — Department of National Defence, the Canada School of Public Service and the Canadian Environmental Assessment Agency — were tied for third with a 14% increase in performance bonus pay. All three were due largely to more people receiving a bonus.

Source: *CBC*

Taxpayers subsidize money-losing golf courses

With golf course usage declining across North America, many people wonder why Canadian municipalities continue to hang on to these often money-losing operations.

This issue most recently came to light in Toronto, where it was announced that the city's five golf courses are all losing money.

The city owns the properties and maintains them in the off season, but leases operation of the courses to private-sector companies which sell greens fees and maintain the courses during the summer.

According to the city, between 2007 and 2016 there has been a 15% decline in the number of rounds played at city golf courses and it is expected that downward trend will continue.

Source: *Toronto Sun*

Paying crooks

In May 2014, Sgt. Robert Mugridge, a Chatham-Kent police officer, was suspended after being charged with fraud. However, Mugridge continued to collect his $110,000 salary because Ontario is the only province in Canada that allows suspended senior police officers to still collect pay even when facing serious charges.

Last summer, Mugridge pleaded guilty to defrauding several people of a total $247,000. He is yet to be sentenced.

Despite his suspension and guilty plea, Mugridge was still paid a salary. It only stopped when a disciplinary committee was on the verge of firing him. According to reports, it is common for Ontario police officers facing serious charges to retire just prior to being disciplined.

Since 2014, taxpayers have paid Mugridge $400,000.

Source: *National Post*

Come fly with me

For security reasons, Prime Minister Justin Trudeau is required to fly on a government-owned Challenger jet when travelling. Other MPs, including cabinet ministers, are expected to fly on commercial airlines.

But those Challenger jets proved to be too much of a temptation for Defence Minister Harjit Sajjan. It's his department that manages the jets, and he took full advantage of them.

An analysis of the flight logs for 2016 and first five months of 2017 revealed that Sajjan used a Challenger for 20 trips that cost taxpayers $670,000. But that is based on the actual cost of flying, including fuel and airport and parking fees. It does not include wear and tear on the jets, pilot salaries or maintenance and repairs because the defence department says they would have been paid whether or not the jets were used. If these expenses were included, the cost of the flights would surpass $3 million, or $14,891 per hour.

In 2017, Sajjan flew to Washington, DC, three times. Taxpayers paid $9,500 for one of those Washington trips and $36,605 for a second one, when Sajjan decided on the return trip to fly to Vancouver, his hometown. The flight between Ottawa and Washington is one hour long on commercial airlines and costs approximately $300.

Sajjan was not alone in his use of a Challenger jet. The second-most frequent users were Finance Minister Bill Morneau and Fisheries Minister Dominic LeBlanc, who each used a Challenger jet four times.

Source: *The Globe and Mail*

A handful of money

According to a report tabled in the House of Commons, the federal government spent more than $2.3 million last year on "talent fees."

Only subsidized in Canada

Formula E race Berlin Credit: KAgamemnon/Wikipedia

Much of the money was spent on YouTube videos produced by government departments. The money paid for actors, models and in some cases just hands.

The biggest spender was the Business Development Bank, which spent $648,000 on talent for such videos as how to find the right kind of financing.

Other big spenders included:

- The Finance Department, which spent $94,800 on models posing for the covers of its 2016 and 2017 budget documents. This included paying people to act as refugees;
- The Royal Canadian Mint, which spent $183,000, including paying for hands to place "coins into custom boxes;"
- The Canada Revenue Agency, which spent $69,000 for actors and voiceovers in its tax videos; and
- Environment Canada, which spent $11,000, mostly on child actors to appear in videos telling children about climate change and how their parents can make "litter-less lunches."

Source: *Blacklock's Reporter*

Ottawa councillors billed taxpayers for NHL game

Four Ottawa city councillors billed taxpayers for tickets to attend the outdoor NHL game between the Ottawa Senators and the Montreal Canadiens on Dec 16.

In June, councillors were given the opportunity to purchase tickets in advance and five councillors took up the offer.

The four councillors who had taxpayers pick up the tab for their tickets were:

- Coun. Allan Hubley purchased two tickets costing $355 and gave them to staff;
- Coun. Jody Mitic expensed two tickets costing $533 and gave them to staff; and Councillors Michael Qaqish and Tim Tierney each expensed two tickets costing $409.

Scott Moffatt was the only councillor to pay for the tickets out of his own pocket.

Taxpayers cough up for tickets

Credit: Keith Allison/Wikipedia

Ottawa's city councillors earn an annual salary in excess of $100,000. They also receive a $250,000 annual office budget, that was used by the councillors to pay for the NHL tickets.

The day after the CBC reported the taxpayer-funded ticket purchases, all four councillors said they would reimburse the city. You can generally count on politicians to do the right thing … after they're caught doing the wrong thing.

Sources: *CBC / Ottawa Citizen*

Check out those broadband fees

All seven of Newfoundland's federal constituencies voted Liberal in the last federal election. So not surprisingly, Newfoundland MP and cabinet minister Seamus O'Regan was on hand when the government announced that taxpayers were spending $27 million to bring high-speed Internet to 1,500 houses in isolated areas of the province.

The federal government's contribution to the project works out to $18,000 per house.

However, this does not even cover the full cost of the project as the provincial government coughed up $1.57 million and another $11.52 million came from other contributors.

Source: *National Post*

Theatre of the absurd

Corrections Canada will be spending more than $115,000 to set up a theatre program for women incarcerated at Grand Valley Institution for Women in Kitchener, ON.

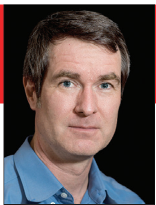
The cost includes hiring a director and the services of a drama group, Theatre of the Beat Inc., based in Stouffville, ON.

The women will have a chance to participate in a number of workshops covering everything from dance to puppetry. Interested inmates will have the opportunity to put on a full theatrical production.

Critics question the expenditure, saying the money should be spent on vocational training that would allow the women to support themselves once they leave prison.

Source: *Blacklock's Reporter*

Soda taxes *and their discontents*



by Peter Shawn Taylor

Consumers today face a relentless stream of little pokes and prods designed to make us behave in ways governments think we should.

Sometimes we're unconsciously nudged to save more for retirement or donate our organs to science by the design of various forms or procedures. Others times the interventions are more blatant — such as taxes meant to steer us away from soda pop and other "unhealthy" food. But when governments try to push people around this way, people tend to push back.

The notion that taxes on sugary or fatty foods can reduce national obesity rates has exploded in popularity lately. Countries such as Mexico, France and Hungary currently have food and drink taxes meant to improve the health of their population. Many US cities have recently imposed soda taxes for the same reason, including Berkeley, CA, Boulder, CO, Philadelphia and Seattle. While Canada has so far resisted this trend, the Northwest Territories government has said it's mulling over a tax on "sugary drinks and junk food." Despite eager claims from proponents, however, real-world evidence reveals the impact these taxes have on obesity is measurably zero in all cases.

In Mexico, for example, advocates claimed its 10% tax on sugary drinks, imposed in 2014, would result in an immediate nation-wide weight loss of up to four pounds per person. It hasn't happened. And while soda consumption in Mexico fell in the immediate aftermath of the tax, it's now on the rise once more.

There are many reasons for the widespread failure of food and drink taxes to reduce our collective waistlines. The biggest of these is that people tend to seek a constant diet; faced with higher prices on a particular product, they look for alternatives. When Hungary put a tax on salty foods such as chips and nuts, sales of untaxed popcorn increased. Ample US evidence reveals that when soda is taxed, consumers switch to chocolate milk, fruit juice or other high-calorie beverages. Or they may shop at discount stores or buy bargain brands. In this search for substitutes, the public is deliberately resisting the effects of a fiscally-imposed diet.

Further, soda comprises a very small component of most diets. Since obesity is the result of a complex web of biological, social, geographic and other factors, it's naive to expect higher prices on one product will cause

a magical change in everyone's weight. In fact, soda consumption has been falling in Canada for more than a decade due to changing tastes and in the absence of any tax; meanwhile Canadian obesity rates continue to rise. This suggests soda has no impact on obesity whatsoever.

Beyond the failure of food and drink taxes to affect overall caloric intake, however, recent evidence points to the many ways in which they can cause a host of unpleasant side effects.

Food and drink taxes are massively unpopular, for obvious reasons, and this can lead to major political headaches. Earlier this year Chicago announced it was imposing a soda tax of 1¢ per ounce. After several court challenges, the tax was finally enacted this past August. It immediately became a major source of public discontent; repeated polls showed nearly 90% of residents opposed the measure and were prepared to vote on their displeasure. Given such dramatic push-back, elected officials meekly repealed the tax less than two months later.

Attempts to control the public's diet via taxes can also unleash a host of other unintended, negative consequences. Beer consumption may increase when soda becomes more expensive; hardly the sort of result public health advocates have in mind. Food and drink taxes are also extremely regressive, hitting lower income groups much harder than wealthier groups. And taxes of any kind punish businesses of all kinds.

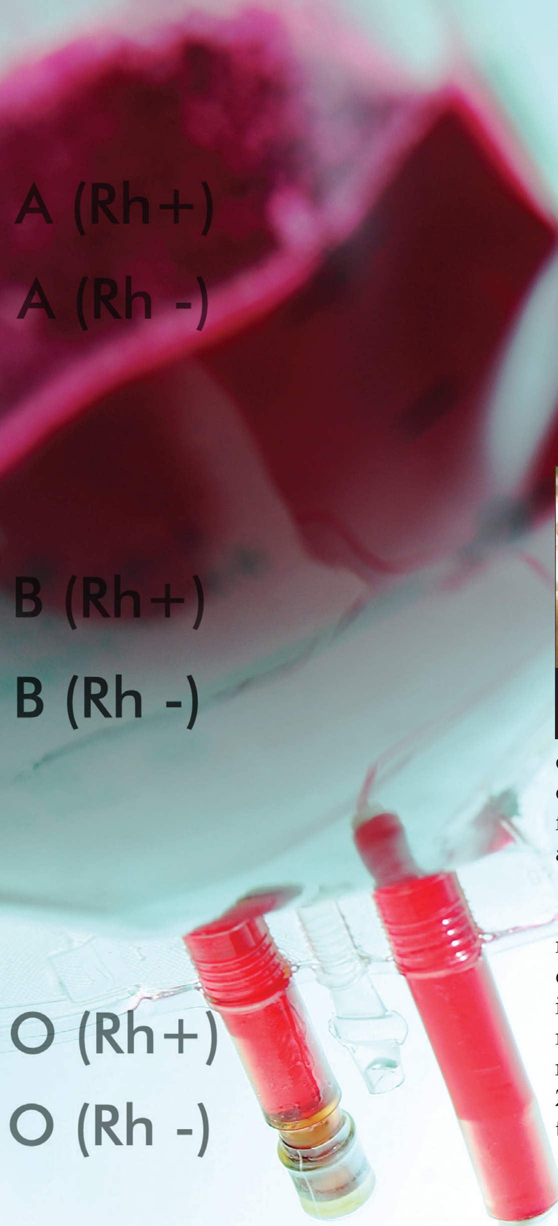
"Food and drink taxes are also extremely regressive, hitting lower income groups much harder than wealthier groups. And taxes of any kind punish businesses of all kinds."

To appreciate the full scope of damage a soda tax can do, consider the experience of Philadelphia. Last January, the city imposed a 1.5¢ per ounce tax on all sugary and diet soft drinks. But because the tax only applies within city limits, price-conscious consumers responded immediately by shifting their grocery shopping to suburban stores unaffected by the tax. According to the Philadelphia city controller's office, large urban supermarkets suffered an average US$2.75 million drop in sales during the first six months of 2017, compared with the pre-tax era. More than half of all city beverage retailers, including convenience stores and restaurants, reported sales declines of greater than 10% due to the tax. At the same time, sales and foot traffic at suburban stores grew substantially.

Beyond causing a major blow to city store-owners, the tax poses an even bigger threat to those living in the downtown core. If the drop in sales continues, many inner city supermarkets will be forced to close, cutting off access to healthy food options for low-income Philadelphians who lack the ability to shop at distant suburban outlets. The city controller warns the tax could lead to the creation of "food deserts" in several poor neighbourhoods, meaning nutritious food is entirely unavailable.

Philadelphia's soda tax is thus threatening access to healthy food in some parts of the city, driving businesses out of the inner core and punishing its most vulnerable residents. It seems an entirely perverse outcome for a tax that is supposed to make people healthier. But that's what happens when governments think they can use taxes to control what we eat and drink. t

Peter Shawn Taylor is author of the Canadian Taxpayers Federation report "*Sweet Nothing: Real-World Evidence of Food and Drink Taxes and their Effect on Obesity.*" Available at www.Taxpayer.com.



Bloody exp
politics and the ban

by Dr Peter Jaworski

Canada collects enough blood and blood plasma (the yellow liquid that holds red and white blood cells and platelets) for all of our transfusion needs. We do not, however, collect enough additional plasma to meet our needs for life-saving plasma protein therapies.

Far from it.

Canadian Blood Services (CBS) manages to collect only enough additional plasma to secure 17% of the immune globulin Canadians use. To make up the shortfall, we buy the necessary therapies from the US. In 2017, CBS spent $678 million buying these therapies from foreign sources. In Quebec, Hema-Quebec spent $298 million.

But we could be more self-sufficient, and at a much lower cost to taxpayers, if only we provided a warmer climate for private plasma clinics to operate in Canada. But in spite of the wishes and best interests of Canadians, activist groups including government unions are working hard to make sure that doesn't happen.

Although Americans do donate blood and plasma at a much higher rate than Canadians, this is not why they have a surplus of plasma for plasma protein therapies while we have a shortfall. The reason the US is able to supply not just us but most of the rest of the world with these therapies is because they compensate donors at $25 to $50 per donation.

And thank goodness. The number of lives saved and improved by these clinics can be measured in the thousands. You probably know someone who relies on therapies made from American paid-plasma donors.

What you may not know is that CBS prefers to spend our money on American plasma rather than paying for Canadian plasma … and prefers to pay more for it as well.

In 2016, Canadian Plasma Resources (CPR), a Canadian private paid plasma clinic, offered plasma to CBS at a significant discount over what CBS pays for American plasma. The offer would have saved CBS approximately $4 million over three years.

Bafflingly, CBS declined the offer.

Is that because American plasma is better than Canadian plasma? No, it is not. There is no difference in therapies made from American and Canadian plasma.

The only sense that I can make of it is that CBS rejected CPR's offer for one or both of the following reasons: competition and politics.

Recently, CBS requested nearly a billion additional dollars ($855 million) in government funding over seven years in order to open and operate 40 plasma

> "Recently, Canadian Blood Services requested nearly a billion additional dollars in government funding over seven years in order to open and operate 40 plasma clinics in Canada."

ensive:
on paid plasma clinics

clinics in Canada. This request is extraordinarily expensive, costing approximately $405 per litre to collect plasma once the clinics are up and running. That's more than twice what CBS pays for American plasma and significantly more than the $166 per litre CPR offered.

But suppose CBS did agree to the contract from CPR. That would give CPR a chance to expand its operations and might attract other plasma clinics to open in Canada as well. That would make it more difficult for CBS to defend getting an extra $855 million from taxpayers.

Which brings us to politics.

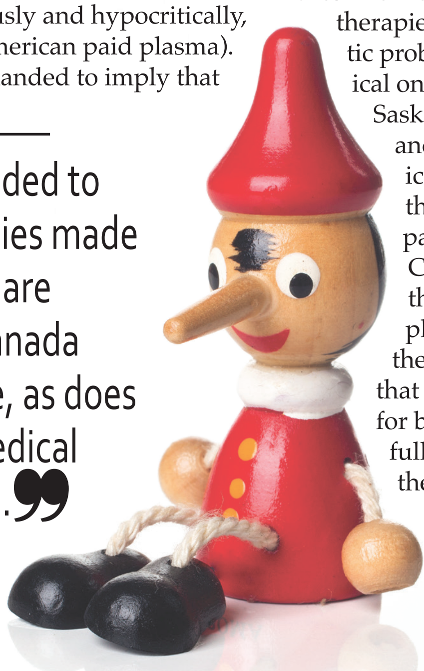
CPR first proposed opening three plasma clinics in Ontario in 2012. The Kathleen Wynne-led Liberal government of Ontario and the Rachel Notley-led NDP government in Alberta banned compensation for plasma donations with the passages of Voluntary Blood Donation Acts in 2014 and 2017, respectively. Some politicians in British Columbia have suggested that they, too, would like to prohibit private paid plasma clinics as well.

This was not in response to public opinion. Canadians overwhelmingly think compensating plasma donors is appropriate: A *Research-Now* poll conducted in 2017 for a forthcoming paper by Nicola Lacetera (University of Toronto) and Mario Macis (Johns Hopkins University) showed 72% of Canadians thought paying plasma donors is acceptable.

It was a response to special interest groups, especially such government employees' unions as the Ontario Public Service Employees Union and Canadian Union of Public Employees, which have been lobbying hard and often underhandedly against Canadian paid plasma (although, curiously and hypocritically, not against American paid plasma).

It is underhanded to imply that therapies made with paid plasma are unsafe. Health Canada says they are safe, as does every credible medical body in the world. The CEO of CBS, Graham Sher, said so himself in a YouTube video: "It is categorically untrue to say, in 2015 or 2016, that plasma-protein products from paid donors are less safe or unsafe. They are not. They are as safe as the products that are manufactured from our unremunerated or unpaid donors."

> "It is underhanded to imply that therapies made with paid plasma are unsafe. Health Canada says they are safe, as does every credible medical body in the world."



Opponents also say that paying for plasma exploits the poor. But it does not. The average compensation at a CPR clinic for a litre of plasma is about $50. At $166 per litre (the offer made to CBS), compensation represents about 30% of the revenue.

That's a good deal. So, too, is being paid about $50 for 60 to 90 minutes of your time. For students, that's a great way to pay for their books.

The best argument against paid plasma is that it might discourage donors from unpaid blood and plasma donation. This would be a problem as blood and plasma for purposes of transfusion is sourced from unpaid donors. Since we cannot use viral inactivation and removal procedures like we can in manufacturing therapies. But is this a realistic problem or just a hypothetical one? Early evidence in Saskatoon, where both CBS and CPR operate clinics, is inconclusive. But the US has a higher unpaid donation rate than Canada, even with more than 600 private paid-plasma clinics operating there. It is hard to believe that we cannot find a way for both to coexist successfully, much like they do in the US.

Of course, a warmer climate for private plasma clinics would mean less reliance on government employees and fewer potential union dues. It would mean a weaker argument for getting a slice of that $855 million in taxpayer dollars.

Paid plasma is safe. It has saved and will continue to save thousands of Canadian lives. It could also save millions of taxpayer dollars too, if only we permitted it. t

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Dr. Peter Jaworski is a member of the ethics faculty at Georgetown University's McDonough School of Business, and a signatory to an open letter about paid plasma at *www.donationethics.com*

Year in Review 2017

by Scott Hennig
VP Communications

Each year, the Canadian Taxpayers Federation communications staff, administration staff, board and field representatives take on the mission of lower taxes, less waste and accountable government. Each part of the organization plays a different role, but the goal is the same: make Canada a better place for all taxpayers.

Last year we saw significant growth in the number of Canadians joining our ranks. We can now boast 136,000 supporters. Our voice is growing louder. Trying to convince politicians that we are smarter than they are would be a formula for defeat. Showing politicians that we have more than a hundred thousand Canadians pushing them in the right direction is our best chance for victory. Please help make your own voice stronger in 2018, as we have done in 2017, and encourage your friends and family to join you in supporting the Canadian Taxpayers Federation.

19th annual Teddy Waste Awards

The Teddy Waste Awards are the CTF's best-known event each year. The Teddys started in 1999 and are named after Ted Weatherill, a former senior public servant who was terminated for "expenses incurred by him incompatible with his position as chairman of the Canada Labour Relations Board."

In 2017, federal director Aaron Wudrick and Porky the Waste Hater donned their best black ties and handed out the hardware in the Charles Lynch Press Theatre on Parliament Hill.

There were five nominees for each of the federal, provincial and municipal Teddys and a lifetime achievement Teddy.

The federal Teddy "winner" went to the Canada Revenue Agency. The CRA moved one employee 192 km from Richmond Hill to Belleville, ON, at a cost of $538,000. Queries to CRA revealed that $340,000 of the cost was for "price protection" on the sale of a home and $168,000 for real estate agent fees. The CTF calculates taxpayers forked out a half-million taxpayer dollars to cover the sale of a bureaucrat's $3.4-million house.

Other federal nominees included a $15,000 government survey to find out whether people liked the Parliament Hill Christmas lights, $500,000 in corporate welfare to support a bacon production facility, the disastrous Phoenix payroll system and three very costly office moves.

The provincial Teddy went to the Ontario government for spending $14 million subsidizing electric vehicles that sold for more than $70,000 each. Some of those subsidies went to help pay for several $845,000 Porsche 918 Spyders.

Other provincial nominees included a money-losing Nova Scotia ferry to Maine, a Québec bureaucrat who was paid not to show up at work, the Global Transportation Hub land fiasco in Saskatchewan and an Alberta bureaucrat who frequently used a luxury town car service.

The municipal Teddy went to the city of Victoria for its Blue Bridge debacle. The Johnston Street Bridge (known as the Blue Bridge) replacement was supposed to cost $63 million but was three years late and the cost exploded to $105 million. Some of the time and cost increase was due to buying poor quality steel.

Other municipal nominees included two for Montreal — one for expensive, fake granite tree stumps and the other for the inability to fire a city employee after 26 disciplinary warnings — the Richmond, NS, county CAO expensing dinners at Houston strip clubs and Edmonton's city manager's expensive world tour.

The Lifetime Achievement Teddy went to the Ontario government for its mismanagement of the energy file. The bungles range from a *Green Energy Act* that pays renewable power producers exorbitant rates, to cancelled gas-power plants costing a billion dollars, to a smart-meter fiasco and, of course, the expensive cap-and-trade program.

Stop high energy bills/carbon taxes

Carbon taxes and cap-and-trade continued to be a major fight for the CTF in 2017, right across the country. In Alberta, New Brunswick and Ontario we continued to distribute bumper stickers calling for opposition to these harmful policies.

A2 THE OBSERVER

Hospital coping with surging hydro rates

Bluewater Health projecting a $175,000 surplus

TYLER KULA
THE OBSERVER

The rising cost of electricity in Ontario is having a substantial effect on hospital budgets.

Documents obtained by the Canadian Taxpayers Federation show electricity bills have been on the rise at hospitals across Ontario over the last five years, most increasing 20-50 per cent in that time.

In Sarnia-Lambton, Bluewater Health's bill is up just over 40 per cent between 2012 and 2016, jumping $850,000 over that span to just under $3 million per year.

"How is Bluewater Health

patients."

The outliers include one hospital that saw its expense rise 125 per cent, and another that saw a 3.7-per-cent reduction, Van Geyn said in an email, noting she's not sure the reasons why.

The federation is pushing for structural changes to the electricity sector in Ontario, including an end to pricey solar and wind contracts, and improved oversight for nuclear projects,

Meanwhile, Bluewater Health has been making energy efficiency upgrades – including automated heating, ventilation and air-conditioning equipment; and investing in new boilers, light-emitting diode (LED) lighting and heat wheels to recirculate air, said Samer Abou-Sweid, vice-president of operations with the hospital

end in March, which is essentially balanced considering its about $180-million total budget, Abou-Sweid said.

A $4.1-million provincial cash injection in March helped boost the amount of some procedures available, and offset some inflation.

"We knew about the increase in hydro rates so we budgeted for that and identified different ways across the hospital to try to still manage the budget despite the increase," Abou-Sweid said.

Other pressures on it and other Ontario hospitals include aging populations and more people seeking help for mental health, he said.

"I think all hospitals are feeling the pressure and

In Manitoba, we partnered with the Canadian Federation of Independent Business, the Western Canadian Wheat Growers Association and AxeTheCarbonTax.ca to form the Manitobans Against Carbon Taxes Coalition. The coalition launched a series of newspaper ads targeting backbench government MLAs. The MLAs were encouraged to oppose the carbon tax that their government is proposing. We also commissioned research firm Insightrix to poll Manitobans about the carbon tax.

Last year we filed freedom of information requests with 144 different Ontario health care institutions to access their electricity records. The overwhelming result we have seen is dramatically increasing bills. For example, Brockville General Hospital has seen a 48% increase in electricity bills over five years, even though consumption fell.

The current cost of electricity is unsustainable and is a direct result of the government's continual political meddling. Undoing more than a decade of damage is an urgent challenge that the government is not meeting. Instead, the government is providing temporary solutions and obscuring the cost of these Band-Aids to present a rosy but inaccurate fiscal picture in the lead-up to an election. Before the electricity crisis can be resolved, Ontario taxpayers and ratepayers need to know the truth about the extent of the problems.

Small-business tax changes

Over the past few years, small businesses have been treated like a government punching bag in most parts of the country. Whether it was large minimum wage hikes, high energy bills or carbon taxes, many small businesses took it on the chin and kept going. But last summer, the federal government's proposed changes to how small businesses are taxed were the proverbial straw that broke the camel's back.

In July, federal Finance Minister Bill Morneau announced a 75-day consultation period to get feedback on three significant changes to how small businesses pay taxes. These were the elimination of "income sprinkling" (paying salary or dividends to other family members), passive investment retention and converting income into capital gains.

The reaction from CTF supporters and small-business owners was swift and angry. While the CTF supports reducing red tape and uncomplicating the tax code, these changes did neither. In fact, they added more rules that further cluttered the tax code, all while hiking taxes. The CTF joined with 74 other groups to form the Coalition for Business Tax Fairness to oppose the changes. CTF donors paid for an airplane to fly over Parliament on the first day of the fall session, towing a banner reading "NO SMALL BIZ TAX HIKE." And we organized a town hall meeting in Winnipeg in October that was very well attended.

Shortly afterward, Morneau announced the government was pulling back on many of the changes. It's a temporary victory and we will continue to watch the government as it plans its next move.

TaxFighter Award

In April we welcomed Terence Corcoran to the TaxFighter Honour Roll at a reception in Toronto.

Currently a columnist for the *Financial Post*, he is the former editor of the *Financial Post* and *FP Comment*. Previously, Terry was a columnist at the *Globe and Mail* and business editor of the *Montreal Gazette*. He has been one of the most tireless, consistent and influential voices in Canadian journalism and was an early promoter of taxpayer advocacy in Canada.

During the award presentation, CTF board chairman Adam Daifallah said, "We are paying tribute to

L to R: CTF board chairman Adam Daifallah, Terence Corcoran & CTF President Troy Lanigan

a man who has devoted his entire career to advancing a core set of convictions: lower taxes, smaller government, less government spending and waste and common-sense public policy. And this is someone who not only devoted his energy to promoting those ideas, but also, and equally importantly, to debunking the other side, along with the people who advocate them and the organizations that support them. And he did so not with platitudes or flowery rhetoric, but with facts, numbers and logic."

Omar Khadr

When the news broke that terrorist Omar Khadr would be receiving $10.5 million in compensation from the Canadian government, most Canadians were justifiably angry. After all, Khadr grew up in Canada, but left for Afghanistan to assist the Taliban fight against Canadians and our allies. In fact, Khadr has admitted to throwing a grenade that killed a US army medic.

Yet, the Trudeau government decided to settle a lawsuit with Khadr over charter violations that included Canadian officials interviewing a sleep-deprived Khadr while in Guantanamo Bay prison. While there's little doubt Canadian officials could have acted differently, paying an admitted terrorist $10.5 million in compensation without being ordered to do so by the court doesn't sit well with most Canadians.

In fact, an Angus Reid poll in the summer found that 71% of Canadians believed the Trudeau government should have fought the case and 65% of Canadians rejected the argument that the government had "no choice" but to settle.

The CTF agreed. We launched a petition within hours of learning of the rumoured settlement. Over nine days, 133,000 Canadians signed the petition to the prime minister urging him not to settle. Our Federal Director Aaron Wudrick delivered the petitions right to the prime minister's office. Unfortunately, our efforts were rendered fruitless when it was discovered the government had rushed through payment shortly after the rumours broke.

Our hope is the government will reflect on Canadians' anger over this the next time it's sued by a terrorist.

CTF Federal Director Aaron Wudrick delivering Khadr petitions

Enforcing the FNFTA

Two years have passed since Carolyn Bennett, the minister of Crown-Indigenous Relations and Northern Affairs, declared the federal government would no longer enforce the *First Nations Financial Transparency Act* (FNFTA). This meant that more than 600 First Nations bands would face no consequences from the government if they refused to publish their band council remuneration and band financial statements. These basic documents are available to all other Canadians through their own local, provincial and federal governments.

However, the CTF-inspired legislation included a clause that thankfully allowed for any member of a First Nation, or any other Canadian, to ask the court to enforce the law. And that's exactly what the CTF and Onion Lake Cree Nation activist Charmaine Stick did.

Thanks to the generous donations of CTF supporters, in late 2016 we jointly filed a court application to compel Onion Lake Cree Nation to comply with the FNFTA. On June 15, 2017, Justice B.A. Barrington-Foote ruled in our favour and ordered Onion Lake to comply with the FNFTA.

Onion Lake appealed the decision and, again thanks to the generous support of CTF donors, our lawyer vigorously defended the decision in the Saskatchewan court of appeal in December. We expect a ruling soon.

Charmaine and the CTF's precedent-setting court victory sparked First Nations activists across the country to take action. Many of them reached out to the CTF and Charmaine for advice and support. While we aren't able to help all of them, in November the CTF partnered with Harrison Thunderchild of the Thunderchild First Nation to take his band to court to enforce the FNFTA. Once again, CTF supporters stepped up to make this possible. We appeared before the judge in early 2018 and are awaiting the court's decision.

Charmaine Stick

Harrison Thunderchild

Generation Screwed

It was a tremendous year for the CTF's youth initiative, Generation Screwed. For the first half of the year, the Conservative leadership campaign kept us busy as more and more leadership candidates signed our Future Generations Pledge. By the time the campaign was over, 10 of 14 candidates, including the winner Andrew Scheer, had committed, should they be elected prime minister, to balance the budget within two years, run only balanced budgets from that point on and introduce a debt repayment schedule.

We've also got our message out through three Action Forums over the course of the year, in Toronto, Calgary and Vancouver, bringing together nearly 400 people who wanted to know more about the importance of fiscal responsibility and how to restore it across the country.

On campus, our 29 clubs are now accredited with more and more student unions, making it easier for us to host kiosks and events and reach more students.

University of Toronto Professor Dr. Jordan Peterson speaking at the GS Calgary forum

New faces

Every year we welcome some new faces to the CTF and 2017 was no different. Early in the year, Aaron Gunn, the first executive director of our Generation Screwed initiative, left. His shoes were filled by Renaud Brossard. That name should be familiar to longtime readers of *The Taxpayer*, as Renaud has been heavily involved with Generation Screwed for many years. Renaud built the Québec wing of Generation Screwed (then called Génération trompée, now rebranded under Renaud's leadership as Génération sacrifiée), was the creator of the first Action Forum in Montreal and interned with the CTF in the summer of 2015.

In the spring, our longtime BC director Jordan Bateman left. He was replaced by former journalist Kris Sims. Kris is originally from Hope, BC, but has spent most of her adult life working in Ontario and Atlantic Canada in various media positions. Many readers will recognize her from her time with *Sun News Network*.

And our final new face is not so new. When Alberta Director Paige MacPherson and her husband welcomed their first child in August, the CTF's former Prairie director, Colin Craig, stepped up to keep the CTF going strong in Alberta. Colin started with the CTF in 2007 as our Manitoba director, took on Saskatchewan in 2009 and left in 2015 when he moved to Calgary to work for the Manning Centre. We couldn't be more pleased to have Colin back among our ranks. Paige will be back in a different role with the CTF after her maternity leave ends in the summer.

Kris Sims

Colin Craig

Renaud Brossard

Nineteen years of Gas Tax Honesty

Every May long weekend, the CTF holds our annual Gas Tax Honesty Day. Started in 1999 as a way to draw attention to high and hidden taxes on our gasoline, the 2017 event focused largely on carbon taxes.

CTF directors held press conferences in Edmonton, Regina, Toronto, Ottawa and Montreal this year. In Edmonton, Alberta Director Paige MacPherson went after the provincial carbon tax and the promised 50% hike set for Jan. 1, 2018. In Regina, Prairie Director Todd MacKay teamed up with the Saskatchewan Heavy Construction Association to bring out some huge earthmovers to make the point that it's not just your minivan's gas tank that is hit hard by carbon taxes. In Toronto, Ontario Director Christine Van Geyn highlighted the provincial cap-and-trade carbon tax. In Ottawa, Federal Director Aaron Wudrick pushed the despicable tax-on-tax practice of charging the G/HST on top of provincial and federal excise taxes.

One of the more amusing stories came out of Québec this year. Québec Director Carl Vallée held his press conference in front of a giant pothole, pointing out that despite all of the money collected in gas taxes each year, Montreal roads are still terrible. Carl cheekily planted a yellow flower in one of the larger potholes that had been flagged, but not fixed, for many months. The very next day city workers showed up, removed the flowers and fixed the pothole.

With a national carbon tax expected by the end of 2018, the impact of carbon taxes on your gas bill will continue to be our focus into the foreseeable future.

CTF Québec Director Carl Vallée planting flowers in a pothole in Montreal


Alessio Marcogliese


Shal Marriott


Stephann Sahmkow


Mason Tufili


James Case

Student internship program

The CTF took on five interns during 2017. In addition to our regular internship program, we have developed a good relationship with the Australia-based Mannkal Economic Education Foundation. Mannkal sends the CTF interns throughout the year, at no cost to the CTF, and we provide the interns with international experience and training.

James Case, the first Mannkal intern of the year, arrived just before Christmas 2016 and stayed with us for a few months over the winter. James was studying economics at Curtin University in Perth. In the summer, the CTF welcomed Stephann Sahmkow and Alessio Marcogliese. Both students are active with our Generation Screwed initiative. Alessio had just finished his first year at McGill and was the local Generation Screwed club vice-president. Stephann had just completed his third year at Concordia University and is the Québec regional coordinator for Generation Screwed.

The two of them were joined by our second Mannkal intern of the year, Mason Tufili, also from Curtin University in Perth. And lastly, in the fall another Generation Screwed all-star, Shal Marriott, joined the CTF. Shal was entering her third year at Carleton in Ottawa and was the Generation Screwed regional coordinator for Eastern Ontario.

All of the interns were trained on how to file access to information requests, how to conduct research and how to organize data in a useful way. Many of them provided background work and assistance on ongoing CTF initiatives.

Liquor tax escalator campaign

The 2017 federal budget included a 2% tax hike to every federal liquor tax. Worse, it introduced a tax escalator that automatically increases the taxes on all liquor every April 1. Forever. This type of tax escalator is problematic for many reasons. One, it flouts the principle of responsible government. Politicians who want to raise taxes should have to stand up and vote on a tax hike each year, not automatically collect more through regulation. Secondly, it opens the door for more of these types of escalators. What about on gasoline, income taxes or the GST?

In response, the CTF launched *NoEscalatorTax.ca*, where visitors can send Finance Minister Bill Morneau an email complaining about this tax. We also openly copied a successful campaign by the UK Taxpayers Alliance from a few years ago and have printed 300,000 coasters that will be distributed across the country in bars and restaurants informing patrons of the website. Federal Director Aaron Wudrick launched the campaign in D'Arcy McGee's, a well-known Ottawa pub and a favourite haunt of many Liberal MPs and staffers.

CTF Federal Director Aaron Wudrick at alcohol tax escalator launch

Getting candidates on the record

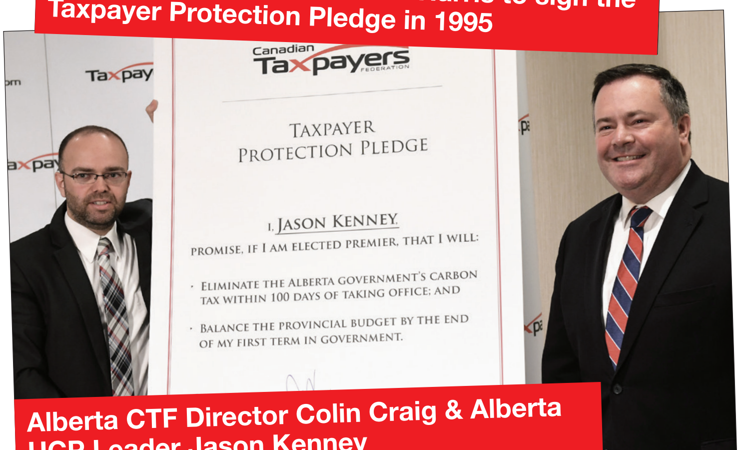
One important role the CTF plays is getting politicians on the record on issues of importance to CTF supporters. In 2017, we had three successful efforts to pin down our politicians. The first came in January when our Generation Screwed initiative convinced now-CPC Leader Andrew Scheer to sign the Future Generations Pledge. The pledge commits Scheer, should he become prime minister, to present a balanced budget within 24 months of taking office, only run balanced budgets and legislate a debt repayment schedule.

When signing the pledge Scheer said, "I am happy to sign this pledge because I am committed to ensuring that Justin Trudeau is not able to do to my kids what Pierre Trudeau did to my generation. Massive deficits today mean robbing future generations' prosperity."

During the United Conservative Party leadership race in Alberta, the CTF asked leadership candidates to sign a Taxpayer Protection Pledge. The pledge committed candidates to eliminate the carbon tax within 100 days of taking office as premier and balance the budget within their first term.

Eventual Leader Jason Kenney signed the pledge, noting that the CTF was the first organization able to get all of the leadership candidates in the same room at the same time. He also noted that when he was the president of the CTF in the early 90s, he drafted the first Taxpayer Protection Pledge for Ontario Premier Mike Harris to sign.

Former CTF president Jason Kenney getting former Ontario premier Mike Harris to sign the Taxpayer Protection Pledge in 1995



Alberta CTF Director Colin Craig & Alberta UCP Leader Jason Kenney

Federal Conservative Leader Andrew Scheer

"I think that helped to make fiscal history," said Kenney. "So, thank you to the Canadian Taxpayers Federation for continuing that important legacy of holding politicians and political parties to account for fiscal responsibility. I'm delighted to sign this pledge."

In Saskatchewan, three of the five Saskatchewan Party leadership candidates agreed to sign the Taxpayer Protection Pledge, including new Premier Scott Moe.

Moe pledged to balance the operational budget by 2019, implement a plan to reduce the debt by 2022 and not impose any major tax increase.

It's worth noting that the CTF has some history with Moe as well. When the CTF toured Australian carbon tax expert Chris Berg across the country in 2016, the CTF took him to meet then-environment minister Moe. Moe also gladly accepted a petition signed by more than 7,400 Saskatchewanians opposing the federal carbon tax in the summer of 2017.

The CTF looks forward to holding these politicians to their word.

Police agreement victory in Montreal

Victory

Sometimes our victories come after years of constant campaigning, other times victories come because we make the right move at the right time. Last summer, the CTF earned a victory in Montreal by applying the correct pressure at a key moment.

Montrealers are used to seeing road construction and they're used to seeing city police officers directing traffic at these sites. In other cities, civilians are often used to keep traffic moving around construction spots. Our Québec Director Carl Vallée was curious how much it was costing the already stretched police force to man these locations. Specifically, Carl filed an FOI request to find out how much the city spent on overtime for these officers. Shockingly from the begining of 2016 to June 2017, 250,000 hours of overtime were paid out to officers directing traffic.

Carl estimated that was a $15 million cost in just 18 months.

At the time, the city was renegotiating with the police union. Carl's story about the overtime costs hit the front page of the *Journal de Montreal* and gave the city all the leverage it needed to get the police union to cave and agree to use police cadets to direct traffic at construction sites. This change will save taxpayers millions every year.

The Kathleen Wynne Moving Company

In October, we launched the Kathleen Wynne Moving Company in Ontario. It was a satirical moving company to "help" move Ontario businesses and families out of the province. The stunt included a moving company website, T-shirts and a 16-foot-long moving truck all decaled up. The goal was to raise awareness of government policies that are driving employers and families either out of business or across the border. These policies include high electricity prices, rapid minimum wage hikes, cap-and-trade carbon taxes and corporate welfare.

The moving truck travelled across Ontario for two weeks, stopping in dozens of communities. We handed out T-shirts, took pictures, did media interviews, collected 4,000 petition signatures and another 350 postcards written to the premier. We even drew attention while simply driving the truck. Some bystanders would honk or point and take photos, high-five us at Tim Hortons and applaud the work of the campaign. The tour ended at Queen's Park, where our Ontario Director Christine Van Geyn hand-delivered the postcards.

The tour got so much media attention that ultimately the premier's office was forced to respond to our campaign with a statement. We were able to use the government's response to drive further attention to the key policy failures that the campaign focused on.

Health premium victories in BC and Manitoba

Victory

We've fought battles across the country over the past 20 years opposing taxes dressed up as "health care premiums." We've had wins (Alberta) and losses (Ontario) in the past, but this year we won two tax battles against health premiums.

In the February 2017 budget, the BC government finally committed to immediately cutting Medical Services Premiums (MSP) in half, with a goal of eliminating them altogether. This was a miraculous turnaround from the year prior when BC's then-finance minister Mike de Jong outright dismissed CTF calls for the elimination of the MSP. This about-face was thanks to the thousands of CTF supporters who for many years pressured the province to chop the tax.

While the Liberals lost the provincial election last year, both they and the NDP promised to cut the MSP if elected. Following their victory, the NDP's fall budget followed through on the promise, slashing MSP in half Jan. 1, 2018.

In September, the new Manitoba government floated a trial balloon that Manitobans should pay a new health care premium tax. The government conducted an online survey to gauge reaction. That's when the CTF went to work. We sent out an Action Update email to our supporters in Manitoba and, despite the laughable bias in the survey, we asked our supporters to tell the government to dump the idea. Thousands of CTF supporters took action and filled out the survey.

A month later, Premier Brian Pallister cited the results of the survey as overwhelming opposition to the health premium tax and he put the trial balloon back into the closet for the foreseeable future.

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Taxpayers' advocate happy with cut to MSP premiums

Derrick Penner

British Columbians will ring in 2018 with a big cut in Medical Services Plan premiums, which will help offset the sting of rising ICBC rates, the provincial carbon tax increase and higher property taxes.

The NDP government's election-promised 50-per-cent cut in MSP premiums takes effect Jan. 1 and will deliver savings of between $132 for a single adult earning between $24,001 and $26,000 up to $900 for families earning over $42,000.

"That is a heck of a lot of money," said Kris Sims, B.C. director for the Canadian Taxpayers Federation, which offered kudos to the provincial government for quickly making

ing Jan. 1 to $1,800.

The cut comes as some measure of relief in day-to-day expenses for Metro Vancouver residents still facing soaring housing costs.

On the downside, however, Sims said B.C. residents will have to put a considerable amount of it back into their gasoline bills as the other big provincial tax change is a $5-increase to the provincial carbon tax bringing it to $35 per tonne.

"For a two-car family, that's close to $400 per year, just for carbon tax," Sims said.

Then there is the ICBC rate increases that took effect Nov. 1, expected to take an average $130 more from drivers over the next year.

Property taxes are also headed up as Van-

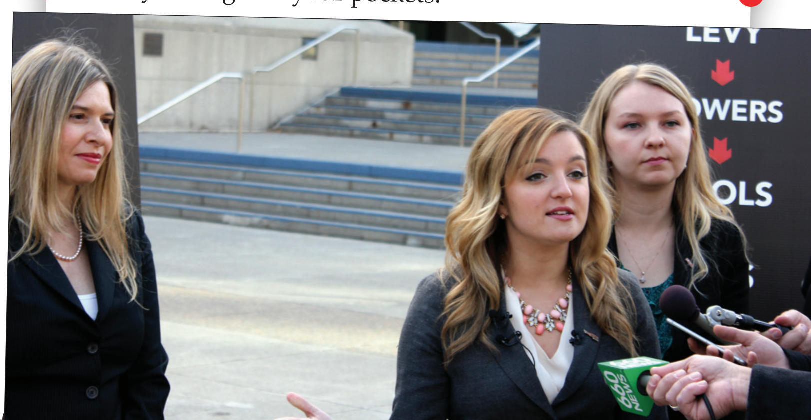
City charter victory in Alberta

Victory

Ever since Toronto got additional powers of taxation from the Ontario government, big city mayors from across Canada have been pressuring their provincial governments for similar powers. Both Edmonton and Calgary have been pushing this request for a decade. Fortunately, a string of Alberta premiers have refused. Premiers Stelmach, Redford and Prentice all told big city mayors they should get approval for new taxes from their citizens. Shockingly, no mayor has put additional taxes on the ballot.

Yet, there was considerable concern that the new Rachel Notley government in Alberta would capitulate. So the CTF partnered with the Canadian Federation of Independent Business and Common Sense Calgary to form the *See Charter, Think Taxes Coalition*. The goal was to raise awareness of the city charter process and to ensure Albertans understood that big city mayors were primarily talking about getting new powers of taxation.

The coalition wrote op-eds, launched a website and held many press events together. Our efforts paid off when the Notley government announced that tax powers were being removed from the city charter discussions. This victory, however, like many other public policy victories over the years, must be continually defended. Big city mayors are not going away and they're not going to stop asking for more ways to dig into your pockets.



Former CTF Alberta director Paige MacPherson addressing the media about the *See Charter, Think Taxes Coalition*

Labour Day Reality Check

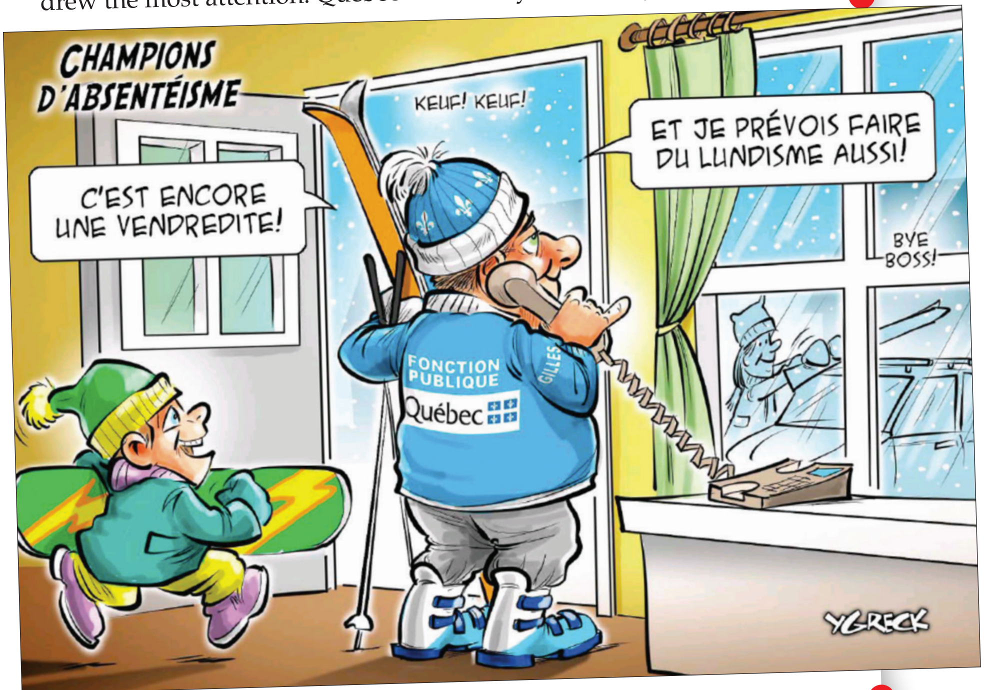
Every year before the Labour Day long weekend, the CTF holds our Labour Day Reality Check. It's our effort to draw attention to the disparity in pay, pensions and benefits between government employees and everyone else. Some years we focus on the pay gap, other years we target their gold-plated pensions. In 2017, we targeted sick days.

CTF Research Director Jeff Bowes worked with Statistics Canada to dig into the spread between the average number of sick days taken by government employees compared to private sector workers. Nationally, government employees take 11.2 sick days a year, while private sector employees take 6.8 days.

However, the difference between provinces is also significant. In New Brunswick, government employees take 70% more sick days than in the private sector (12.6 to 7.4). The gap in PEI was much smaller at 25% (10 to eight).

The gap between levels of government is also worth noting. Federal employees take 12.9 sick days a year, provincial employees take 11.7 and local government employees take 8.9.

For the second straight year, it was our Québec efforts that drew the most attention. Québec had the largest number of government employee sick days at 14.4; remarkably, the data showed that the average time taken shot up by 16% for Mondays and Fridays. This led to another editorial cartoon in the *Quebecor* chain mocking the Monday and Friday-itis.



CTF media mentions

Month	Television	Radio	Newspaper
Jan	113	412	53
Feb	244	933	72
March	182	747	126
April	50	579	47
May	86	361	48
June	39	387	40
July	168	841	64
Aug	286	713	84
Sept	53	626	89
Oct	154	602	52
Nov	73	662	45
Dec	101	550	48
Total	**1,549**	**7,413**	**768**

CTF online reach

Visitors to Taxpayer.com	Visitors to DebtClock.ca	CTF Facebook reach	CTF Facebook video views
51,661	20,635	5,913,732	555,471
26,921	15,437	4,029,823	393,100
26,930	20,097	3,580,485	559,885
13,488	13,701	2,595,480	395,715
27,376	12,488	1,603,467	64,324
29,050	9,984	1,937,720	102,654
280,345	8,686	5,807,936	1,391,039
22,025	8,348	1,760,683	125,390
40,740	11,313	2,203,292	194,029
23,984	11,429	1,845,666	101,876
17,103	10,136	1,228,833	31,673
22,639	9,380	2,168,428	208,053
582,262	**151,634**	**34,675,545**	**4,123,209**

Note: media mentions include counts in 26 English and four French daily newspapers, 111 radio stations, 85 English TV stations and 26 french RV stations

Scares, fortune cookies and more ‘underway’

by Renaud Brossard
Generation Screwed Executive Director

As well as regular campus events, some Generation Screwed co-ordinators go above and beyond to come up with original ideas of how to get our message out to young Canadians.

Government debt: spooking students at McGill

Armed with a camera and her resolve to break the myth that young Canadians support large deficits, our McGill co-ordinator, Paige Hunter, this Halloween asked a few students how they felt about the federal debt. We couldn’t have hoped for a better response: when told just how large Canada’s debt is — more than $67 billion — students recoiled at the prospect of paying for it for decades to come. As the students said, it scares them. They don’t yet have jobs, but will have to shoulder billions of dol-

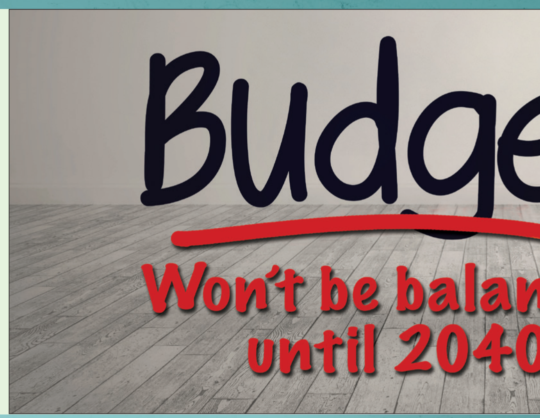
A not-so-tiny problem in Canada’s smallest province

Other than being Canada’s tiniest province, Prince Edward Island has another singularity: its government presents two budgets every year. In March or April, like other provincial counterparts, it presents a first budget. This one covers only operating spending (a fancy way of saying all revenues and expenditures to keep the lights on and run government programs). Then in the fall there’s a

‘Underway — with challenges’

The federal government in November unveiled what it called the “mandate letter tracker.” It’s an online tool, published and maintained by government employees (not Liberal Party headquarters) to “provide a status report on all commitments found in the prime minister’s mandate letters to ministers.”

Given that it’s a government website, one might hope for a semblance of accuracy and some desire not to appear too partisan. Sadly, it seems that was too much to ask of our bureaucracy. The website lists just three promises it calls “not being pursued,” which means “bro-



Co-ordinator spotlight: Pierçon Knezic

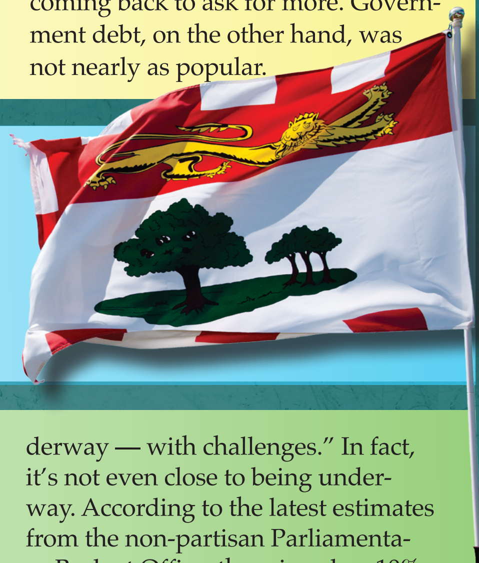
A fourth-year political science student at the University of Western Ontario, Pierçon Knezic has been involved with us since 2015. Hard-working by nature, he’s quickly become an invaluable member of our team. Even before he became our regional co-ordinator for Southern Ontario in 2017, he was known to help his fellow co-ordinators on other campuses as much as he could. We asked him a few questions about why this matters so much to him.

GS: “Pierçon, what does Generation Screwed mean to you?”

lars' worth of spending that has not benefitted any of them.

Handing out (mis)fortune Cookies at SFL

Generation Screwed was present at Students for Liberty's regional conferences in Vancouver and Toronto in November. Our volunteers manned kiosks and engaged with the audience, handing out "(mis)fortune cookies." This idea came from our University of Ottawa co-ordinator, Anastasia Cherygova. Just like our governments, fortune cookies come in an attractive (and sweet) package, but when you peek inside, there's a nasty surprise. In this case, it was a message saying "Surprise! You owe over $1.4Tn in government debt!" The cookies were an absolute hit, with a few attendees coming back to ask for more. Government debt, on the other hand, was not nearly as popular.



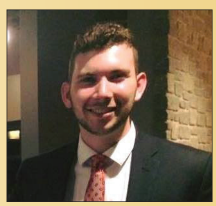
second budget covering capital expenditures, or all its planned infrastructure projects. Despite owing more than $14,000 per inhabitant, the province is still heavily borrowing for capital spending, in November tabling the second-largest capital budget in the province's history. While balancing its operating spending is commendable compared to most other provinces, PEI's unsustainable capital spending makes it harder for young Islanders to expect a sound fiscal future.

ken" in plain English. Meanwhile, the non-partisan, independently-maintained TrudeauMetre.ca lists 36 promises as broken.

Since this government whips out its chequebook faster than we can say "deficit," we would have thought balancing the budget by 2019-20 would be one of those mandate commitments that are "not being pursued." Surprise: the goal of balancing the budget by 2019-20 was called "Underway — with challenges." In fact, it's not even close to being underway. According to the latest estimates from the non-partisan Parliamentary Budget Office, there is only a 10% chance of the budget being balanced by then, and is on track to not be balanced until 2040. Given how this government describes its failures, perhaps our approval of Trudeau's tax-and-spend policies is also "underway — with challenges."

Pierçon: "Generation Screwed means holding the government accountable for its financial decisions. Making ill-formed financial decisions means children today will be forced to repay debt, rather than investing in the future of Canada."

GS: "In your opinion, why should government debt be a critical issue for our nation's youth?"



Pierçon: "Government debt seems to increase each election cycle as politicians make more and more promises to win office. This debt increase is critical for youth, as taxpayer money is increasingly spent on interest payments rather than much-needed investment in infrastructure, health care and the economy. Managing government debt is critical in ensuring sustainable investment in Canada's future." t

Mid-term update: CTF's policy prior

When the 2015 federal election campaign kicked off, the CTF surveyed our supporters to find out your top priorities and created a "15 for 2015" wish list for the

1 No pensions for politicians who steal

Since the unelected Senate killed Bill C-518 in the spring of 2015 — overruling the will of the elected House of Commons — no member of Parliament has been willing to sponsor a similar bill. (The original bill's sponsor, John Williamson, is no longer an MP.) This is not entirely surprising, as there has been no recent high-profile scandal (like Mike Duffy or Pamela Wallin) to create fresh pressure on MPs to act.

2 End tax-on-tax

Running huge deficits and scrambling to find new revenue wherever they can, the Liberals have not been keen on finding ways to save Canadians money. Even worse, the tax-on-tax tax gouge is actually being expanded: it will be applied to carbon taxes, with the Parliamentary Budget Office reporting that in 2018 this double taxation could cost Canadians up to $267 million in additional GST alone.

3 Post all MP and senator expenses online with scanned receipts

When several Liberal staffers and cabinet ministers were caught with dubious expense filings in late summer 2016, the CTF aggressively pushed scanned receipts as a simple way to prevent future abuses. We met with government representatives and at the time, to our surprise, they seemed quite enthusiastic about our proposals. Within months, however, they simply abandoned the project and have never engaged with us on the issue since.

4 Conduct a core review of government spending, with a goal of reducing overall spending

This government shows little interest in controlling costs and instead seems dead set on hiking spending. In its first three years, spending will have increased 21% compared to when it came into office.

5 Expand the *First Nations Financial Transparency Act* to include compensation from regional or national associations

The Trudeau government's decision to stop enforcing the FNFTA ranks as one of its most cynical moves, and is big step backwards in the rights of First Nations people to see how their leaders are being compensated and spending their money.

Thankfully, the bravery of individuals like Charmaine Stick and Harrison Thunderchild means that this fight continues. They have launched lawsuits, supported by the CTF, against their respective bands to force them to release financial information.

6 Reform government employee pensions

After more than a year of taking a firm stand in bargaining, the government caved in late 2016 and struck a deal with its largest union that included a pay raise and signing bonus while deferring attempts to reform generous sick day provisions. It hasn't shown any willingness to stare down unions when it comes to gold-plated defined-benefit pensions.

7 End corporate welfare and shut down regional development agencies

Thanks in large part to constant pressure by the CTF, the government refused Bombardier's demands for a $1.3-billion bailout for more than a year, but in February 2017 finally gave in and handed the company a $372-million "repayable loan." While disappointing, this at least saved taxpayers more than $900 million. The government has also expanded handouts to automakers and the "green technology" sector while announcing a new billion-dollar corporate welfare slush fund.

rities for the Trudeau government

new government. With the Trudeau Liberals just over halfway into their term, it's time to see how they've done.

8 Broad-based income tax cuts through lower rates and fewer brackets

One sliver of good news was the cut to the middle-income tax bracket, meaning incomes from $44,000 to $89,000 are now taxed at 20.5% instead of 22%. A handful of boutique tax measures implemented by the previous Conservative government were removed and the child care benefit was modified to be tax-free and targeted based on need.

Unfortunately, the Liberals also added a new 33% bracket on incomes over $200,000, while the tax code remains at more than 3,000 pages and a million words.

9 Pass a 'truth in budgeting' law

Despite a Liberal platform promise to provide a proper costing analysis for all legislation, the government has yet to put any such process in place.

10 Pass legislation that would allow politicians to be recalled

The Liberal government has shown no interest in letting Canadians hold MPs to account between elections.

11 Implement a legislated debt repayment schedule

By running much bigger deficits than promised, the Liberals are adding to the federal debt in a big way: on current projections, it will be at $738 billion by 2022. That will also mean bigger interest payments which will squeeze out program spending. (Last year Canadians paid $24 billion in government debt interest payments, compared to $19 billion on our entire armed forces.)

12 Referendum on abolishing the Senate

Trudeau campaigned on Senate "reforms" which turned out to be rather superficial: instead of the prime minister appointing senators directly, now he appoints a panel that appoints senators. This bizarre reform, which does nothing to give the Senate any democratic legitimacy or increase accountability, may actually be making things worse, with "independent" senators increasingly willing to interfere with the decisions of the elected House of Commons.

13 Improve and expand the *Access to Information Act*

The government broke its promise to expand the *Access to Information Act* to cover the prime minister's office and cabinet ministers. Reforms did give the information commissioner some new powers, but they do not go far enough. Response times to information requests continue to be slow, sometimes taking months or even years to get a reply. A full review of the law is expected in 2018.

Credit: Flickr/Justin Trudeau

14 Create a sunshine list of all federal government employees earning over $100,000

With the number of federal employees rising again -- reports in December 2017 showed that there were more than 4,000 more federal employees than a year earlier -- the government has shown zero interest in making Canadians aware of the additional cost.

15 Reform Employment Insurance

To date, the government has shown no interest in pursuing EI reform.

2018 tax changes report: no big hikes (yet)

by Aaron Wudrick
Federal Director

The Canadian Taxpayers Federation's annual report crunching the numbers on new year's tax changes shows that most of us will see only minor changes in our tax bill for 2018.

While no big new tax hike is good news, there are storm clouds on the horizon: the Trudeau government has delayed imposing its national carbon tax until 2019 and Canada Pension Plan premiums will also start increasing in 2019.

Considerable uncertainty remains on the business tax front, both with respect to the government's controversial small-business tax proposals and due to recent dramatic tax cuts south of the border which will impact Canada's competitiveness. Business tax cuts passed by Congress and signed into law by President Donald Trump will see the biggest business tax cut in American history, with average combined federal-state rates dropping from 39% to just 26%. (The average Canadian combined federal-provincial rate is 26.7%.)

Employment Insurance premiums will rise slightly this year from 1.63% to 1.66%, which will cost employees and employers an additional $9 and $13 per year respectively.

The Canada Child Benefit (CCB) will be indexed to inflation starting in July 2018; since it will only take effect halfway through the year, it will mean a slight inflation-adjusted decrease for families receiving it, by an average of $61 for each child under six years old and $72 for each child aged six to 17.

There are also several significant provincial changes. The Quebec government in November announced a cut to the lowest income tax bracket from 16% to 15%, retroactive to the beginning of 2017. That means a refund for most Quebec tax filers of up to $278 per person. Quebec also introduced a new $100 tax-free supplement per school-aged child, meant to offset back-to-school costs.

BC's health tax, the Medical Services Plan, was reduced by 50% starting Jan. 1, but British Columbians will also see an income tax hike on income over $150,000, from 14.7% to 16.8%.

Nova Scotia introduced a means-tested increase in its basic and spousal ex-

"BC's health tax, the Medical Services Plan, was reduced by 50% starting Jan. 1, but British Columbians will also see an income tax hike on income over $150,000, from 14.7% to 16.8%."

emption amounts. The full benefit is available to those making less than $25,000 and is phased out above $75,000.

In Saskatchewan all three income tax rates are being lowered. The lowest from 10.75% to 10.5%, the middle from 12.75% to 12.5% and the highest from 14.75% to 14.5%

In Alberta, on Jan. 1 the carbon tax increased to $30/tonne from $20/tonne. BC is increasing its carbon tax rate on April 1 to $35/tonne from $30/tonne. Manitoba plans to introduce a $25/tonne tax sometime in 2018.

Business tax changes: details still to come

After considerable blowback, the federal government announced revisions to its proposed changes to taxes on Canadian Controlled Private Corporations. It abandoned proposed changes concerning converting income into capital gains, but will proceed with changes related to income sprinkling and passive investments. In December, the government announced the new rules on income sprinkling which will apply for businesses' 2019 tax filing. These new rules are meant to determine if the compensation paid to family members is "reasonable" based on their contributions to the business. Details on passive investment rules, which are proposed to apply on passive investment income over $50,000 per year, have yet to be released but are expected as part of the 2018 spring federal budget.

Additionally, the Trudeau government resurrected its campaign promise to reduce the small business tax rate to 10% from 10.5% for 2018 and plans a further reduction to 9% for 2019.

Carbon taxes here for many, coming for everyone else

The Trudeau government says it will implement a federal carbon tax in any province that does not have carbon pricing that meets its standard by the end of 2018, meaning that if a province does not impose a carbon tax, the federal government will impose a tax directly. In some provinces, governments are imposing even higher carbon taxes than the federal government is requiring, while others have yet to comply. Notably, former Saskatchewan Premier Brad Wall had been a vocal critic of the federal carbon tax plan.

Bracket creep: tax hikes by stealth

Our report compares inflation-adjusted taxes on inflation-adjusted incomes on a year-to-year basis. Comparing tax burdens in this way shows the true tax changes and helps illustrate a phenomenon known as bracket creep. It occurs when governments fail to index tax brackets to inflation, resulting in a hidden tax increase. Indexing tax brackets would ensure that if your salary keeps up with inflation, you aren't bumped into a higher tax bracket.

Saskatchewan, Prince Edward Island and Nova Scotia do not index their tax brackets at all. Ontario does not index its top two tax brackets nor its health tax. New Brunswick indexes its tax brackets to federal inflation rather than provincial inflation; since provincial inflation was higher than federal inflation, there is bracket creep. In Newfoundland and Labrador, regular income taxes are indexed but the Temporary Deficit Reduction Levy is not. (The levy is effectively an additional tax on income over $50,000; had it been indexed to inflation it would be on income over $51,500 in 2018.) t

How will tax changes impact your family?

Our report calculates the tax impact for families in each province for 44 hypothetical Canadian households. For example:

1. A two-child, single-income family in Ontario earning $60,000 per year will have no change in income taxes but will receive $65 less in CCB payments due to inflation.
2. A two-child, two-income family in British Columbia earning $80,000 per year will pay $890 less in taxes, while the same family in Newfoundland will pay $86 more in taxes.
3. A single person in Saskatchewan earning $100,000 will see a tax cut of $212.

You can check out our report and see how tax changes will impact your family at: *taxpayer.com/media/2018-NYTC.pdf*

You asked for it?

Jeff Bowes, Research Director, answers:

"How much tax revenue will be collected from legal cannabis? Will it help balance federal and provincial budgets?"

by Jeff Bowes
Research Director

Unfortunately, cannabis taxes won't be much help in balancing government budgets. Tax rates can't be too high or people would continue buying on the black market. Also, governments plan to spend most of the new revenue on new costs created by legalization.

Provincial governments agreed to a federal excise tax framework for the first two years. Revenue will be split with 25% for the federal government and 75% for the provinces. The tax will be a minimum of $1 per gram and 10% for cannabis costing more than $10 per gram.

Excise tax revenue is predicted to be $400 million a year, $100 million for the federal government and $300 million for provinces. The federal government's share is limited to $100 million. If revenue is higher than expected, all additional revenue goes to the provinces. Sales taxes on cannabis will be worth another $178 million for the federal government and $260 million among the provinces.

Between sales tax and excise tax, the federal share would only amount to 0.05% of its annual revenues and would equal less than 1% of the projected $18-billion 2018-19 deficit. Federal revenue and spending are so high that $378 million in new revenue won't make much of an impact. It's similar in the provinces. Alberta's cannabis revenue, for instance, is expected to equal 0.07% of total revenue and would cover less than 5% of its projected 2018-19 deficit.

Because of new costs, pot taxes will have an even smaller effect than those tiny percentages suggest.

The federal government has so far announced $700 million in new spending related to legalization, which is expected to occur this summer. In 2018-19 $118 million of that will be spent, more than will be collected in excise tax, and spending will increase in following years. Shortly after winning the 2015 election, Prime Minister Justin Trudeau said, "It was never about a money-maker, it was always about public health, public safety."

> "Between sales tax and excise tax, the federal share would only amount to 0.05% of its annual revenues and would equal less than 1% of the projected $18-billion 2018-19 deficit."

> "Excise tax revenue is predicted to be $400 million a year, $100 million for the federal government and $300 million for provinces."

The federal government initially proposed splitting tax revenue with the provinces, but they pushed for a greater share, claiming they needed it to help with legalization costs. The provinces haven't been clear on how much they plan to spend, but some have expensive plans to create government-owned retail stores. One of those provinces is Quebec, whose finance minister said, "In the first couple of years, we will not be making money on this."

Municipalities claim legalization will cost them up to $355 million for administration and policing. They want a third of the excise tax revenues, which would likely come out of the provincial share of excise taxes, estimated to be only $300 million.

So the three levels of government may end up spending more on administering legal pot than they collect in taxes.

To compete with the black market, the government has set a price target of $10 per gram. However, the average street price is currently $6.60 per gram, and of course no one pays tax on that.

In Colorado and Washington State, recreational cannabis is legal but they still have large illegal sales. One study estimates black market cannabis sales are 27% of total sales in Colorado and 51% in Washington.

Colorado has a 15% excise tax and a 15% sales tax on legal pot. Washington taxes are even higher, with a 37% excise tax and an 8% sales tax. High taxes, limited retail locations and strict regulation of legal cannabis have meant the illegal market remains strong.

In Canada, taxes will (initially?) be lower, but limited retail locations and strict regulations may create a similar result.

Meanwhile, governments here can hope for other sources of new revenue thanks to legalizing pot. On top of the excise and sales taxes, they'll be collecting taxes from cannabis growers and retailers and the employees who work for them. It's difficult to estimate how much that will be worth. However, even if the government captured all the revenue from predicted legal sales of $4 billion a year, leaving nothing for the businesses or employees, it wouldn't dramatically change government finances. The federal share would be equal to 0.06% of revenue and it would be not much more than a rounding error for the provinces.

> "The federal government has so far announced $700 million in new spending related to [marijuana] legalization, which is expected to occur this summer."

Unless Canadians smoke a lot more legal weed than expected — or governments can somehow charge much higher taxes despite criminal competition — legalizing cannabis will be little help in balancing budgets. t

Want the CTF to tackle your question? Ask for it by e-mail at: research@taxpayer.com

ICBC: That '70s Crown corp

by Kris Sims
BC Director

To the rest of Canada, BC doesn't just stand for British Columbia, it also means "Bring Cash" — and the cabal of west coast bureaucrats is making sure it stays that way.

For instance, BC drivers now pay the highest auto insurance rates in the country.

The Insurance Corporation of British Columbia (ICBC) has had a monopoly on mandatory auto insurance since it was hatched by the NDP government way back in 1973.

Drivers are forced to deal with ICBC and they can't shop around for lower rates, even if they have perfect driving records. The average annual insurance cost for BC drivers now clocks in at $1,680 for 2017.

It's astounding that drivers are still stuck with this pricey government monopoly that dates back to the era of the Pinto.

Living in BC is already unaffordable for many, so something has to change. The CTF issued a major report in the fall on how to fix the ICBC problem and lower rates at the same time. Author Mark Milke suggests in his study, "*Political Risk: The case for ending ICBC's insurance monopoly.*" that ICBC could be changed into a co-op, owned by drivers who choose to use it, similar to the way Mountain Equipment Co-op functions. The new co-op could compete for customers with private auto insurance providers.

> "It's astounding that drivers are still stuck with this pricey government monopoly that dates back to the '70s era Pinto."

Changing the teetering Crown corporation into an optional co-op would give the power back to motorists and stop politicians from raiding its coffers to paper over their budget deficits.

The CTF took part in an open-line CBC radio program along with Attorney General David Eby to offer our solutions. While Eby didn't seem keen on the co-op yet, we think group insurance fits in the NDP's wheelhouse.

CONGESTION FEES

The city of Vancouver is thinking of charging you just to drive into it.

Not satisfied with the 17-cent-per-litre TransLink tax tacked onto gas prices, and the 20% TransLink tax on parking, Metro Vancouver and TransLink are now thinking about imposing "congestion fees" on drivers who travel into and around downtown.

> "The TransLink tax referendum, won by the CTF-run 'no' side, is being refought but without a vote."

TransLink, the bureaucracy overseeing transit in the Lower Mainland whose CEO is paid more than the prime minister, has created a new 14-member panel dubbed the Mobility Pricing Independent Commission to study congestion.

The pricetag for the commission and its study of Vancouver traffic is $2.31 million.

The chair of the commission is former deputy attorney general Allan Seckel, who is paid $2,500 per month plus a per-meeting stipend of $550, and the vice-chair is former NDP cabinet minister Joy MacPhail, paid $1,666 per month plus $550 per meeting. MacPhail has also been recently named chair of ICBC.

The commission has held one stakeholder meeting so far and the CTF was there. Representatives from trucking associations, chambers of commerce, transit groups and social service clubs also attended.

What was billed as a big brainstorming session about how to ease traffic gridlock in the city quickly turned into roundtable conversations dominated by talk of "fair access" to transit for students, the need for special public transportation for senior citizens (other than the bus system) and using future road tolls to fund things like neighbourhood daycares. Some attendees also complained that there are too many transport trucks driving into the Vancouver area, saying they stink and damage the roadways.

While busy areas were highlighted, very little was said about co-ordinating traffic lights, widening major commuter arteries or improving the ramps to the city's many bridges.

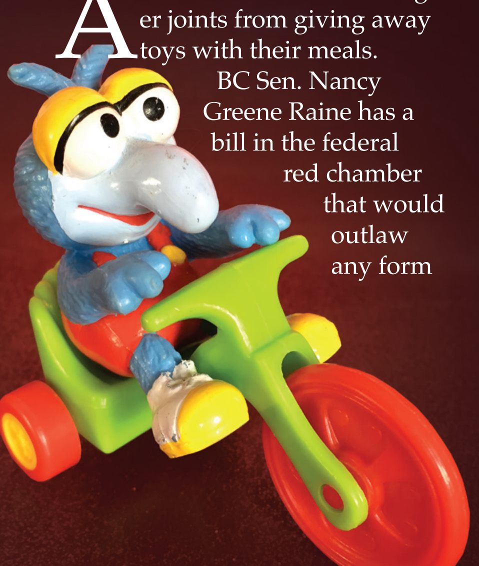
The result? It could be road tolls, bridge tolls, higher gas taxes, fees per kilometre driven or a combination of all these things. Thousands of people drive into Metro Vancouver from the Fraser Valley every day because they can't afford the housing costs downtown, creating a commuter working class that could soon be hit with another huge bill. The commission will present its report to the Mayors' Council (the mayors of Vancouver, Surrey, Langley, Coquitlam, etc.) and they are expected to vote on it this year.

This feels like the TransLink tax referendum, won by the CTF-run "no" side, is being refought but without a vote by the working stiffs who'd be left with the tab.

If TransLink wants more of our money, we should get another vote. At little expense, we could include a referendum question on the municipal election ballot in October.

The new commission has repeatedly cited London, England, as an example of a "congestion fee" implementation. It costs motorists the equivalent of $20 per day just to get into London, and $37 per day if the car was manufactured before 2008. Oh, and congestion hasn't got better in London, it's got worse … But government coffers are fatter.

Food fight



A senator wants to ban burger joints from giving away toys with their meals.

BC Sen. Nancy Greene Raine has a bill in the federal red chamber that would outlaw any form of advertising of food to children across Canada. That would erase Tony the Tiger from the Frosted Flakes cereal box. It would also ban McDonald's from giving away toys in children's Happy Meals. If getting some fries and a milkshake along with the latest superhero toy is a cherished tradition in your family, speak now or forever eat your peas.

Fun fact: When Nancy Greene Raine was an Olympic skier and not an unelected senator, she did TV commercials slinging Mars bars.

PRiORiTiES

Your priorities in our pre-budget report

by Colin Craig
Alberta Director

Based on feedback from our supporter surveys, we released our annual pre-budget report in January. The document is packed full of recommendations as to how the government could balance the budget, eliminate the carbon tax and get our province back on the right financial track.

Most importantly, the report includes spreadsheets that model how Alberta could achieve a balanced budget by 2021-22 under two scenarios:

- Spending restraint beginning in 2018-19 (started by the current government), and
- Spending restraint beginning in 2019-20 (started by a new government)

It's important for CTF supporters to know that while the government claims restraint would mean "firing nurses and teachers" and making "reckless cuts to social services," that's simply not true.

If Alberta merely reduced its spending to what British Columbia's government spends per person, our province would be in a surplus position. So it's possible to still deliver health care, education and other services without running up the debt. Plain and simple, the Alberta government needs to be much more cost effective with the money we currently pay in taxes.

Our budget plan includes the following key components:

- Immediate elimination of the carbon tax and related spending measures (e.g. discontinue corporate welfare paid for with the carbon tax, cancel the rebate, etc.)
- Retain the small business tax reduction
- Reduce government employee compensation levels in the first year by 10%, then increase compensation by 1% in subsequent years leading up to 2021-22
- Reduce the size of the government's payroll by 10% over two years (not including the K-12 sector and health care). This can largely be achieved by not rehiring as non-essential positions open up (government analysis shows 12% of provincial employees are eligible for retirement every two years)
- Eliminate corporate welfare programs
- Prioritize and delay the start of some infrastructure projects
- Reduce remaining operating spending by 5-10% (depending on when restraint begins)
- Our plan cautiously assumes government revenues will be more than $2 billion lower than the government's current projections

We sent invitations to all four parties to discuss our pre-budget recommendations.

The province's $200-million 'pay freeze'

How could a "pay freeze" for government employees cost taxpayers $200 million? Simple, you let the government handle the negotiations.

Since April, a myth has circulated that teachers across Alberta would receive a pay freeze as a result of negotiations with the government. The story is only half true.

Teachers are paid on a salary grid, meaning that each year, until they complete their 10th year of teaching, they move up a salary level automatically (see chart below for a sample teacher in Calgary). During a typical contract, each salary level would also rise depending on the size of the negotiated increase.

The government did freeze each salary level, but didn't freeze the ability of teachers with fewer than 10 years' experience to advance along the salary grid. Teachers with fewer than ten years' experience will still receive raises in excess of $3,000. Based on data we obtained from the Calgary and Edmonton school boards, we estimate the province's "pay freeze" will actually cost taxpayers more than $200 million.

Calgary Board of Education Teacher Pay

Year	Salary
10	$97,372
9	$93,681
8	$90,223
7	$86,754
6	$83,293
5	$79,831
4	$76,360
3	$72,900
2	$69,447
1	$65,982
0	$62,514

Politician pension costs: Calgary vs. Edmonton

Since September, the CTF has been blowing the whistle on the cost of the golden pension plans provided to Calgary's city council. (Yes, that's plural — "pension plans" — as the city provides the mayor with two pensions.)

More recently we obtained data from Calgary and Edmonton that shows a surprising comparison of how much taxpayers in the two cities had to spend on pensions for their respective city councils.

Needless to say, we're going to keep pushing Calgary's council to reform this costly entitlement.

Total Council Pension Costs 2007-2016	
Calgary	$6,132,177
Edmonton	$1,304,736

Taxpayers' Agenda for Alberta

Are you involved in helping any political parties develop their provincial policies heading into the next election? If so, you may wish to review our new *Taxpayers' Agenda for Alberta* briefing book. The 16-page guide provides background on the top 10 policies that CTF supporters indicated are their priorities. The guide is available for free download at *Taxpayer.com*.

Bombardier and Ford enjoy different rules from TransCanada's

Many readers will remember how earlier this year the federal government decided to change the rules for TransCanada's Energy East pipeline application well after the company had started the application process and spent $1 billion working on obtaining approval.

Ottawa suddenly wanted to also review the pipeline's "upstream and downstream" emissions. Not surprisingly, TransCanada backed out. Who could blame them for not wanting to participate in the government's erratic process?

Shortly afterward, we filed information requests with the federal government to see what type of "upstream and downstream" emissions analysis it conducted before giving Ford and Bombardier close to half a billion dollars in 2017.

As it turns out, there was no analysis conducted before Ford and Bombardier were given big cheques. Isn't it disturbing how Ottawa couldn't act quickly enough to cut cheques to companies that asked for hand- outs while it put roadblocks in front the company that didn't ask for a cent? t

New Saskatchewan Premier Scott Moe signs Taxpayer Protection Pledge

by Todd MacKay
Prairie Director

When Saskatchewan fell into deficit, Premier Brad Wall didn't just shrug. He took responsibility and put together a plan to get back to balance. According to Wall's plan, Saskatchewan will slay the deficit in 2019.

Then he announced his retirement.

But that plan is still important.

So the CTF drafted a taxpayer protection pledge. It's a promise to balance the operational budget in 2019. It's a promise to implement a repayment plan to start reducing the debt by 2022. And it's a promise not to impose any major tax increases.

Ken Cheveldayoff, Gord Wyant and new Premier Scott Moe all signed the pledge.

Here's what Premier Moe told the CTF:

"As a member of cabinet and treasury board, I was a strong proponent of our government's three-year plan to balance the budget," said Moe. "My team is committed to this target to ensure we do not unload the spending of government on future generations."

Of course, cynics can't wait to chirp. They whine that pledges aren't legally enforceable and politicians break their promises.

But here's the thing: Premier Moe knows exactly what this pledge means. It means billboards with a picture of the pledge signing and the words "promise kept." Or else billboards saying "broken promise." We know Premier Moe is imagining those billboards because we told him that's what we're going to do. Anyone who's been in a treasury board meeting knows these images make a huge difference when politicians are tempted to lose control of spending.

> "He knows bond rating agencies won't let it slide if the plan to balance the budget gets off track."

Premier Scott Moe

More importantly, signing the pledge shows Moe has guts. He knows bond rating agencies won't let it slide if the plan to balance the budget gets off track. He knows it's wrong to kick the can down the road and leave our kids and grandkids on the hook.

Getting Premier Moe's signature on the pledge was an important CTF victory to reaffirm balanced budgets as a priority in the campaign to continue Wall's work.

CTF Director Todd MacKay delivering No Carbon Tax petitions to then-environment minister Scott Moe.

Moe knows the CTF

Most people are getting to know new Saskatchewan Premier Scott Moe, but Moe already knows the Canadian Taxpayers Federation.

When Moe was the only provincial environment minister fighting carbon taxes, the CTF bought activist Chris Berg to Saskatchewan to meet with Moe. Chris told Moe all about how they got rid of the carbon tax in Australia.

Later, the CTF made sure Moe knew Saskatchewanians stood with him when we presented 7,000 signatures on a petition opposing carbon taxes.

PST on insurance is a bad idea: Premier Moe

It's hard to get politicians to change their minds.

A few short months ago the government slapped the PST on insurance premiums and all of the candidates campaigning to be premier of Saskatchewan were part of that decision.

But then something happened: they ran into the people.

Campaigns are funny things. Political insiders talk about polls and demographics. Reporters focus on soundbites and gaffes. But campaigns always bring the process back to the people.

And the people had some things to say about getting hit with PST charges on insurance.

For Premier Moe, it happened when he spoke to a business owner on the campaign trail.

"He and I talked about the cost of group life and group health programs for his employees," said Moe. The business owner said paying the PST on those premiums would mean hiring fewer employees. "It was at that point in time that I really realized the impact."

Moe promised to take the PST off health, life and crop insurance and he promised to shrink the size of government to cover the budget gap.

> "And the people had some things to say about getting hit with PST charges on insurance. For Premier Moe, it happened when he spoke to a business owner on the campaign trail."

At the beginning of the campaign, fellow candidate Ken Cheveldayoff recognized the problem with charging PST on insurance premiums, but wanted an overall tax system review like the Vicq Commission that charted a policy of tax cuts that spurred the province's revival in the early 2000s. But that changed as he spoke to people on the ground.

The PST-on-insurance issue is proof that politicians can listen. They can change. And it's the people that make it happen. t

NUMBERS DON'T LIE

Manitoba doesn't need a carbon tax

by Todd MacKay
Prairie Director

Manitoba's carbon tax will cost taxpayers money, but there's no reason to think it will be effective.

Premier Brian Pallister is planning to impose a $25-per-tonne carbon tax. That translates to a five-cent-per-litre tax on gasoline. The province projects the carbon tax will take $260 million from taxpayers annually.

But the government doesn't say how it will know whether the carbon tax is having the desired effect.

Tom Brodbeck, the *Winnipeg Sun's* political columnist, hammered the government.

"When asked repeatedly by reporters … for data or evidence of any kind that would show how a five-cent-a-litre tax would reduce emissions, neither Pallister nor his political staff could produce any," wrote Brodbeck. "They said they would produce that data, but never did."

The CTF crunched the numbers and produced a report entitled *Keeping Score: Measuring Manitoba's Environmental Performance.*

First, we looked at the government's Climate and Green Plan to see what analysis it's actually done. There isn't much. Not only has the government failed to show what impact a carbon tax will have on emissions, it hasn't even nailed down what measure to use.

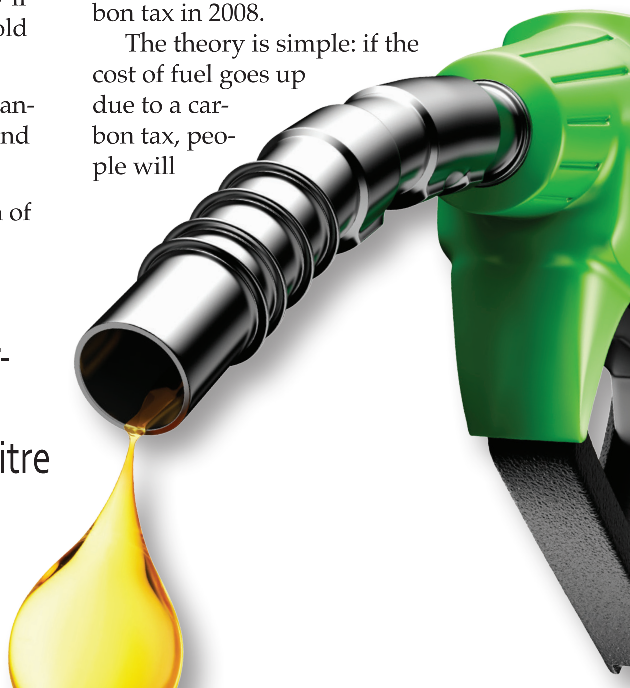
The most the government has done is identify four "potential indicators," including:

- Reduction of reported emissions in Manitoba attributable to the carbon price, as indicated by litres of gasoline and diesel sold annually;
- Ratio of Manitoba's GDP to annual total litres of gasoline and diesel consumed;
- Annual increase in adoption of alternatives (e.g., ratio of gasoline to electric vehicles purchased); and/or;
- Economic competitiveness impacts by sector such as exports.

> "Premier Brian Pallister is planning to impose a $25-per-tonne carbon tax. That translates to a five-cent-per-litre tax on gasoline."

If the government will make Manitobans pay $260 million in carbon taxes to improve those metrics, we thought it would be worth checking how the province is performing right now. We compared Manitoba's numbers to the national numbers, but we also included British Columbia in the comparison because that province imposed a carbon tax in 2008.

The theory is simple: if the cost of fuel goes up due to a carbon tax, people will



The government responds

What did the Manitoba government think of our report?

"While CTF goes to great lengths to conclude our province is already a clean energy leader, this report continues to dismiss the reality that the federal government can impose its carbon pricing plan on provinces,." — Sustainable Development Minister Rochelle Squires.

We'll take that as a thank-you. The province didn't contest our numbers. We'll keep pushing Manitoba to fight Ottawa's unnecessary, ineffective carbon tax.

use less of it. Unfortunately, theory isn't always reality.

Manitoba consumed 1.61 million litres of gasoline and 781,078 litres of diesel in 2011. In 2015, those numbers were 1.67 million litres of gasoline and 795,019 litres of diesel. In total, during that span, Manitoba's overall fuel consumption went up 71,541 litres or 3%.

However, Canada's fuel consumption rose faster.

Canadians consumed a total of 59.87 million litres of fuel in 2011. By 2015, Canadian consumption had grown to 62.57 million litres. That's an increase of 2.69 million litres or 4.5%.

BC's performance is even more interesting. BC consumed 6.96 million litres of fuel in 2011 and 7.33 million litres in 2015, an increase of 5.3%.

The results are clear. Manitoba is controlling the growth in fuel consumption better than the nation generally. It's also controlling the growth better than BC.

But raw fuel consumption is a limited indicator. If a province's economy grows, overall emissions may go up despite efficiency improvements. The "potential indicator" measuring the fuel-consumption-to-GDP ratio addresses this concern. If the economy is growing while controlling fuel consumption, the province is making progress.

Manitoba consumed 42.5 litres of fuel per million dollars of GDP in 2011. By 2015, that number fell to 37.35 litres of fuel per million dollars of GDP. That's a decrease of 12.1%.

Overall, Canada consumed 33.83 litres of fuel per million dollars of GDP in 2011. In 2015, it reduced that number to 31.5 litres of fuel per million dollars of GDP, a drop of 6.9%.

Again, BC's performance is particularly interesting. In 2011, it consumed 32.12 litres of fuel per million dollars of GDP. In 2015, it consumed 29.34 litres per million dollars of GDP. That's a reduction of 8.65%.

Manitoba's performance is remarkable. In five years, Manitoba cut its fuel-consumption-to-GDP ratio almost twice as much as the Canadian average and significantly more than BC.

Carbon tax advocates want to make traditional vehicles expensive and push people to buy electric vehicles. Here's the thing: Manitobans are reluctant to buy electric cars, but so are most Canadians.

There were 116 electric vehicles in Manitoba on March 31, 2016. A year later, there were 178. In 2016, Manitobans bought 57,428 new vehicles, so electric vehicles accounted for 0.11%.

Canada's total electric vehicles increased by 12,265 during the same period, while overall new vehicle sales were 1.76 million. That makes electric vehicles 0.7%.

On this indicator, BC performs better. The number of electric vehicles in BC went up by 2,339 while overall new vehicle sales were 221,772, so 1.05% of vehicle purchases in BC were electric.

Put another way, 99.89% of Manitoba vehicle buyers bought a traditional vehicle, while 98.95% of British Columbians made the same choice as did 99.3% of Canadians generally.

Lastly, there's the economic competitiveness "potential indicator." How does it plan to measure the economic impact and what exports would it watch? We couldn't do any comparisons on this "potential indicator" because it's meaningless.

Bottom line: Manitoba doesn't need a carbon tax. It's already outperforming the nation and BC despite that province's carbon tax.

Ontario energy minister unhappy with the CTF

by Christine Van Geyn
Ontario Director

Sometimes the work we do at the CTF can drive politicians crazy. That's how we like it.

A current CTF campaign is revealing how failed government policy in Ontario is causing hospital electricity bills to skyrocket. And it seems as though we've really gotten under Energy Minister Glenn Thibeault's skin.

Thibeault can't stop responding to our releases that show hospital electricity bills up as much as 75% in some cases, even though many hospitals are using less electricity than they were five years ago.

As part of a nearly year-long project, we filed 144 freedom of information requests with hospitals and health care facilities across Ontario. We are now releasing our findings at a rate of about one hospital per day, a slow drip that is frustrating the minister.

The information has been reported extensively within the affected communities, with local newspapers, television and radio all interviewing Ontario Director Christine Van Geyn about her findings.

The minister first responded to our report that Brockville General Hospital has seen a 48% increase in electricity costs over five years, even though its consumption fell. Thibeault tried to dismiss our campaign by saying that the CTF is "cherry picking data."

"A current CTF campaign is revealing how failed government policy in Ontario is causing hospital electricity bills to skyrocket."

The truth is that it's cherry picking data to find the instances where bills have gone down. In all our research, we have only found three examples where electricity bills declined. We reported on Kingston Health Sciences and Carleton Place and District Memorial Hospital, which both saw decreases of 4%. The only true outlier in the data was at Thunder Bay Regional Health Sciences Centre, which saw a 52% decrease. That's because in 2015 the hospital opened a new co-generation plant. But before the hospital began generating its own electricity, bills at the facility were increasing.

Every other facility saw increases in the range of 20 to 50%. Focusing on the outlier data would be disingenuous and while the minister may prefer the outliers, we need to report on the truth.

Thibeault also commented on our reports about Bluewater Health in Sarnia, which has seen a 40% increase to bills over five years. The hospital is now paying $850,000 more for electricity than in 2012. The minister again responded to our campaign by stating that the government has increased funding to hospitals and has made Ontarians healthier by phasing out coal.

This response is misleading for two reasons.

First, increased funding to hospitals doesn't change the fact that their electricity bills are going up or that taxpayers are paying for that growing burden. A burden that is the direct result of failed provincial government policies like the *Green Energy Act*, which guaranteed

Photo Glenn Thibeault Credit: Peter Power I Canadian Press

above-market prices for renewable electricity.

Second, the minister's claim that closing coal plants improved Ontarians' health has been debunked. The Fraser Institute studied the effects of the coal phaseout and found that in Toronto and Hamilton the improvement of air quality was not statistically significant. In places where the reduction in coal emissions was statistically significant, air quality improvements were offset by increased emissions from natural gas plants.

The Fraser Institute concluded that the small improvements in air quality could have been achieved with pollution control systems rather than closing the coal plants. The cost to electricity consumers would have been negligible. Instead many people face a crisis of energy poverty because of a political decision.

Instead of tackling the problem the government created, the environment minister held a slick photo-op at Sick Kids Hospital in Toronto and announced $64 million in funding for energy efficiency programs at hospitals. This was a direct response to our campaign, but missed the point. Spending more money on energy efficiency won't resolve the issue when we see from the data that bills go up even as hospitals use less energy. Until real action is taken, we will continue to release our findings.

Highlights of the auditor general's report

Every December, the Ontario auditor general releases her annual report on the provincial government. Each year it's an early Christmas gift to those of us who love government accountability and an early lump of coal to wasteful politicians and bureaucrats. The following are some of the highlights of the 2017 report:

The government has misstated its financial position by using inappropriate accounting treatments. Using incorrect accounting methods, the government has been able to falsely state that the budget is balanced.

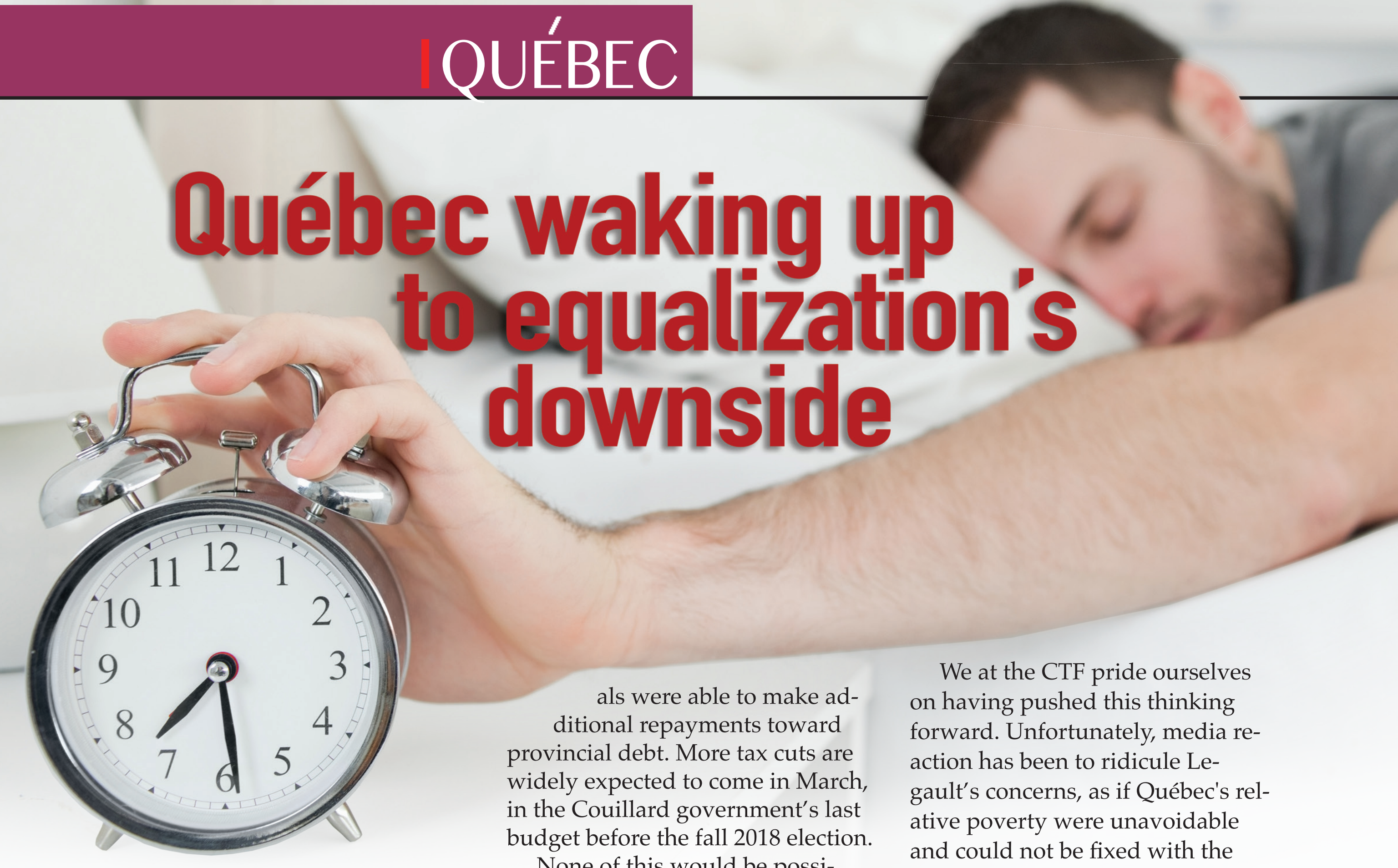
After gutting the AG's ability to review government advertising for partisan content, the government spent $58 million on advertising, the most since 2006. And the AG found 30% of that advertising was partisan.

Electricity consumers were billed $260 million for inappropriate expenses including thousands each year for staff car washes, racoon traps and scuba gear through a program that should have been scrapped.

Taxpayers are paying $19 million a year to maintain 812 vacant provincially owned buildings, which have been vacant an average eight years because the government has not sold them quickly enough.

Now that they can no longer "bank" them for early retirement, Ontario teachers have increased the number of sick days taken by 29%, with an average of 12 sick days per year. t

> "The government spent $58 million on advertising, the most since 2006."



Québec waking up to equalization's downside

by Carl Vallée
Québec Director

The federal government has released the numbers: Québec will receive close to $12 billion in equalization payments this year.

Québec remains the largest beneficiary of the federal equalization program, yet it has balanced its budget and even paid down debt while lowering taxes. Let's call this what it is — having your cake and eating it too.

Late in 2017, Québec Finance Minister Carlos Leitao delivered his economic and fiscal update to the National Assembly. Things weren't all bad as far as taxpayers are concerned. Premier Philippe Couillard's government announced a retroactive tax reduction for 2017 of $2.3 billion, or about $1,000 per family, with an additional allowance for those with school-age children. Even with this cut, the Liberals were able to make additional repayments toward provincial debt. More tax cuts are widely expected to come in March, in the Couillard government's last budget before the fall 2018 election.

None of this would be possible without Québec's equalization cheque. The good news is that more and more people are coming to recognize this. During question period, François Legault, the leader of the third party, the Coalition Avenir Québec, accused Couillard of lacking ambition for not having a plan to achieve "zero equalization." A Québec politician wanting to reduce the province's dependence on equalization is surely a sign of changing times. Previously, Québec politicians have only debated ways to get more and more out of Ottawa. Perhaps more Québecers understand that it is not in their best interest to be financially dependent on the rest of Canada. It's just not sustainable.

> "A Québec politician wanting to reduce the province's dependence on equalization is surely a sign of changing times."

We at the CTF pride ourselves on having pushed this thinking forward. Unfortunately, media reaction has been to ridicule Legault's concerns, as if Québec's relative poverty were unavoidable and could not be fixed with the right policies for creating wealth, especially by reducing the bureaucracy and red tape imposed on businesses by the government.

After announcing the equalization numbers just before Christmas, the premier was forced to admit that the Liberals needed a plan to catch up. Such thinking is yet another small revolution. Admitting that a problem exists is always the first step toward fixing it and this step has now been taken. The CTF will be there for the Québec government's next budget, likely in March, and will monitor whether the finance department has a plan to achieve "zero equalization." The people of Québec deserve the dignity and pride that comes with fiscal autonomy.

Change at Montreal City Hall

Montrealers proved the pundits wrong and in November fired former mayor Denis Coderre, whom all the polls had predicted would easily win. From the point of view of taxpayers, the municipal election was actually quite disturbing. Citizens had the choice between a candidate who promised to spend, spend, spend and another candidate who promised to spend even more.

Not only was Coderre a spendthrift, but he also refused to be transparent and accountable with taxpayers' money. The most telling example is no doubt the one for which he paid the most dearly: Formula E. The Formula Electric car race was Coderre's big shot at going green and, he said, for putting Montreal back on the map. He grossly underestimated the costs, insisting that the race be "urban," which meant the middle of downtown Montreal. This was a huge inconvenience for thousands of city residents who never had a say. The city already has Formula One facilities, paid for in part with taxpayers' money. Could the organizers not have used this circuit instead?

We will never know how negotiations went, since Coderre conducted them in secret. During the election campaign, journalists and citizens' groups such as the CTF wanted to know how many tickets had been sold for the event, but Coderre refused to answer. He said those numbers belonged to the promoters; when the question was put to the promoters, they said the city wouldn't let them say. The event was supposed to cost taxpayers $25 million but a higher than expected deficit means taxpayers will have to cough up about $10 million more.

New Mayor Valérie Plante, although just as green and big-spending as Coderre, has cancelled Formula E for the next few years. This is a victory for taxpayers. The CTF has been in the media constantly to denounce the misspending during the event in 2017 and we are pleased that policy makers have listened to reason.

> "Coderre refused to be transparent and accountable with taxpayers' money."

But the game is far from won with this new administration.

No sooner was Montreal's new municipal council voted in than it was already debating new ways to tax residents. This included taxing — you guessed it — sugary drinks. A joint motion was passed with the city of Toronto calling on the federal government to tax sugary beverages, all in the virtuous name of public health. Of course, the CTF has publicly opposed this and put forward counter-arguments, including the fact that there is no correlation between a tax and an improvement in public health.

As soon as one issue ends favorably for taxpayers, politicians immediately find a way to tax them more. Without a doubt, defending taxpayers is a never-ending battle.

Montreal City Hall Credit: pverdonk/Flickr/Creative Commons

New Brunswick **carbon tax** a 'sleight of hand'

by Kevin Lacey
Atlantic Director

The New Brunswick government admitted what many critics of the carbon tax have been saying for a long time: the tax won't convince people to drive less and it will harm our competitiveness.

So instead of going along with the federal plan, the province has decided to try to shield taxpayers from its effects through some creative policy changes. Unfortunately, New Brunswickers will still pay under this plan and pay a lot.

The province's *Climate Change Act* has three components: a carbon tax, an industrial cap-and-trade and a new "green" fund that will go toward helping businesses reduce their so-called greenhouse gas emissions.

The carbon tax is getting the most attention.

The tax will be 2.33 cents per litre on gasoline starting in April, but no one will notice any change at the pumps. That's because the government will simply start calling part of the current 15.5 cents per litre tax a "carbon tax." The total tax paid will not change and the price of gas will not go up.

Each year as the carbon tax increases — by 2022-23 the carbon tax will go up to 11.64 cents — it will just eat into the 15.5 cents per litre gas tax.

So this sounds good, right? Simply rename the gas tax and "no harm, no foul?"

But there is a catch.

In order to pull off this sleight of hand, the government had to repeal a law that required all taxes on gasoline to go towards paying for roads. By law, carbon taxes have to go into a "green fund" to pay for measures that reduce greenhouse gas emissions.

This means the province will have to borrow the $37.5 million required by law to go into the "green fund" this year, since the province is already projected to run a deficit. And the money to pay for roads will now have to come from the same money as health care and education. The government has to either reduce its spending (unlikely, given that it's said that it won't cut those services) or charge higher taxes in other areas to meet future infrastructure commitments.

> "Unfortunately, New Brunswickers will still pay under this plan and pay a lot."

The federal government does not support New Brunswick's plan. It claims that any move that does not raise the price of gas goes against new federal law. Federal Environment Minister Catherine McKenna has not said what, if any, action she will take if New Brunswick doesn't amend its law by the new deadline date of Jan. 1, 2019.

The other components of the new provincial act will also make taxpayers' wallets a little lighter.

The province is heavily reliant on exporting its natural resources, such as timber and fish. New Brun-

Meeting of the Newfoundland Underground Economy Initiative on Nov. 15, 2017 from left to right: Victoria Belbin (committee chair), Canadian Homebuilders' Association Newfoundland & Labrador; Kevin Lacey, CTF; Wally Norman, NL government; Gerard Griffin, NL government; Troy Stanley, EY; Beth Davis, Workplace NL.

swick businesses will likely be able to skirt new regulations in the *Climate Change Act* in the short term, because the province's emissions are below the national standards. But in the long term, as the emission targets become stricter, businesses will become subject to a new cap-and-trade system that will make the province less attractive to investors.

The changes will also likely force the closure of at least one of the province's coal-fired electricity plants. Replacement power will likely mean higher electricity prices for homeowners and businesses.

The Liberals claimed that by introducing these reforms they were trying to protect citizens. But they may be trying to protect something else too — their own political interests.

There will be a provincial election in the fall of 2019. The new provisions will put off many of the costs of a carbon tax well into the future, which may serve the Liberals come election time.

Nova Scotia's **money-losing** ferry may have nowhere to dock

Nova Scotia's money-losing ferry to Portland, ME, may soon take its last journey, not because the government has finally come to its senses but because it may not have anywhere in the US to dock.

The ferry has been a political issue for the governing Liberals since they came to office in 2013. The previous NDP government initially cut the service, after it said it could no longer support the annual operating losses. Facing mounting political pressure from communities in southwestern Nova Scotia, the NDP relented and offered a subsidy to re-start the ferry.

However, the ferry has failed to meet expectations. It was anticipated that it would carry approximately 100,000 passengers per year when the announcement was made to re-start the service. Further, it was expected to become self-sufficient after modest subsidies. The service failed to deliver on either of those promises. It has never carried more than 60,000 people a year and has already cost taxpayers more than $60 million.

Despite this, not a single political party has committed to shutting down the service.

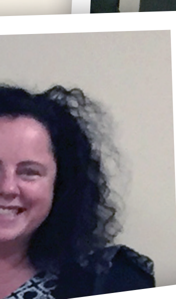
It may come to an end anyway. The US Border and Customs Protection Agency says that unless there are upgrades to the port in Portland, it will no longer screen passengers.

The renovations being sought cost about $7 million. The city of Portland says it won't pay that much. Unless a compromise is found, US border patrol will walk.

Bay Ferries, which operates the Yarmouth to Portland route, has been looking at alternatives. It has been in discussions with Bar Harbor, a town just north of Portland. But Bar Harbor town council is worried about the cost of renovating its port.

All of this fussing by Portland and Bar Harbor should leave Nova Scotia taxpayers wondering: if the Americans don't see the value in this ferry and are unwilling to invest in it, why the heck is Nova Scotia? t

Atlantic Director Kevin Lacey and Cathy Rogers, Minister of Finance, New Brunswick at the budget consultations in Moncton on Nov. 6, 2017.



Atlantic Director Kevin Lacey with Dwayne Thompson President of the Kent Centre Chamber of Commerce.

Sweet Nothing: New CTF report on fat and sugar taxes

Public health advocates across the country have spent years lobbying all levels of government for fat and sugar taxes, aimed at raising the cost of those products to change consumers' buying habits and reduce obesity in Canada. While the objective might seem laudable, evidence shows that such taxes are ineffective, other than a new way for governments to get their hands on more of your hard-earned dollars.

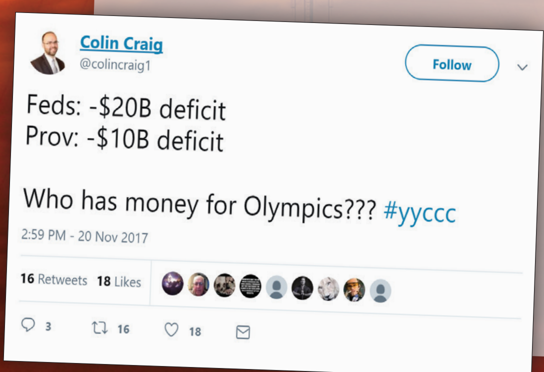
Want to know more? You can read a summary or the full report on our website. Both are accessible at taxpayer.com/news-releases/sweet-nothing--fat-and-sugar-taxes-don-t-reduce-obesity. You can always find more such content by visiting Taxpayer.com.

'We'll deal with it … tomorrow'

Ever notice how politicians seem to be really good at pointing out problems but often fail to do anything about them? One example is Canada's aging population and the implications for the country's finances. As we have more people retiring than entering the workforce, this will affect government revenues while the demand for health care and senior income programs will just keep growing. Generation Screwed's Renaud Brossard speculates as to why politicians don't seem to propose solutions before it is too late. You can read his text at generationscrewed.ca/how-screwed-are-you/gs-forum/-we-ll-deal-with-it...-tomorrow-. You can find more Generation Screwed content by visiting generationscrewed.ca.

Tweet of the issue

The federal budget is tens of billions of dollars in the red. The government of Alberta is running the country's largest provincial deficit. The city of Calgary has raised taxes massively in recent years, arguing it does not have enough money. Yet the city is still considering a bid to host the world's most expensive sporting event, the Olympic Games. Thanks, Colin Craig, for pointing out what should be obvious.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@colincraig1
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Want to get more hot takes and 140-character wit straight from Colin? Follow him on twitter at @colincraig1.

What do students think of big government debt?

For Halloween, Generation Screwed McGill asked students their opinion about the spookiest thing we could think of: large government debt. Want to know their reactions? Visit facebook.com/GenerationScrewed to find out. Be sure to "like" and share our page.

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By the Number$

17,200,000

Number of bottles of BC wine exported to Alberta in 2017

$554 million

Amount of Alberta beef shipped to BC every year

20%

Size of the minimum wage hike in Ontario on Jan. 1, 2018

59,300

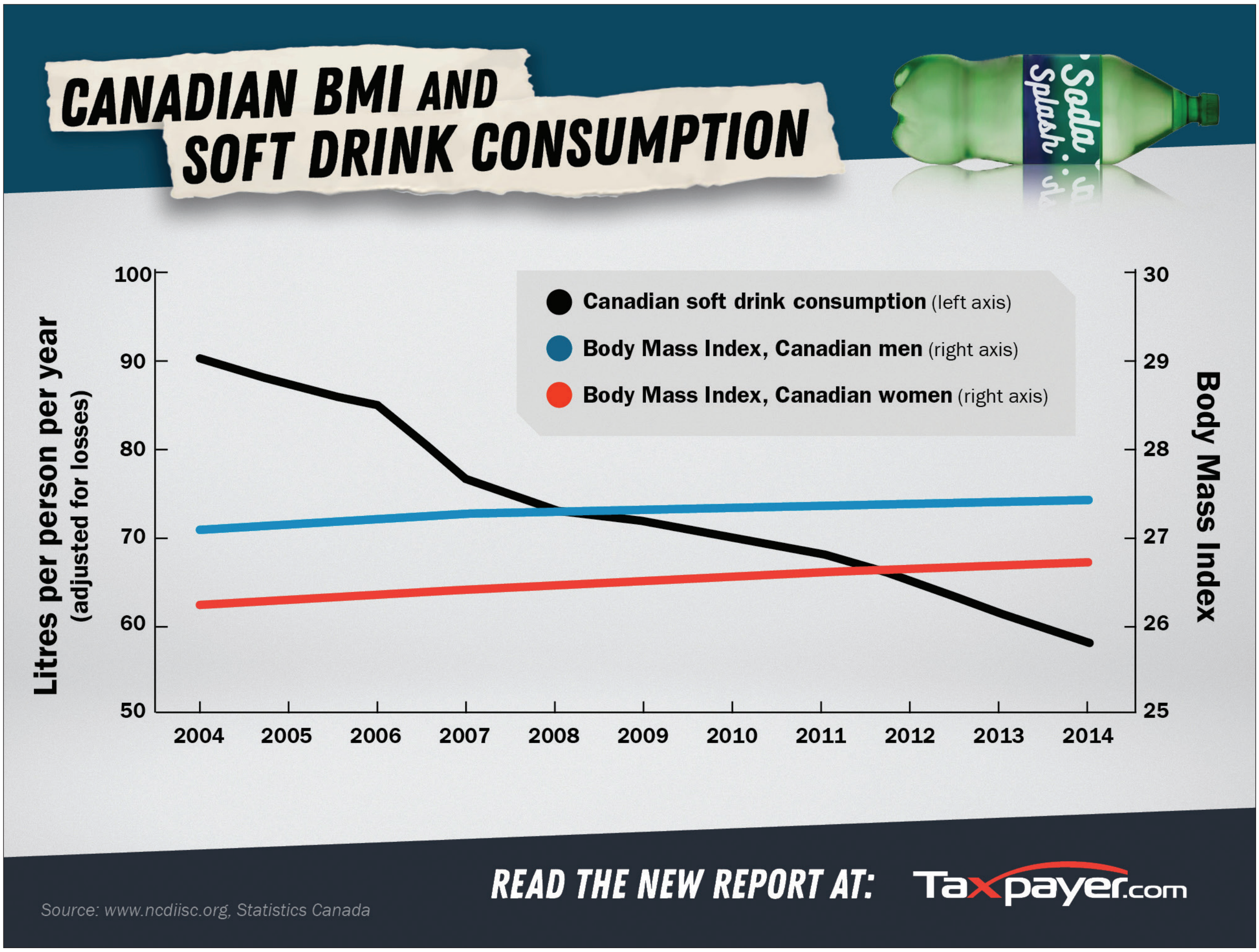
Part-time jobs lost in Ontario in January 2018

98%

Percentage of all tourists who visited Canada that were American in 1947

70%

Percentage of all tourists who visited Canada that were American in 2015



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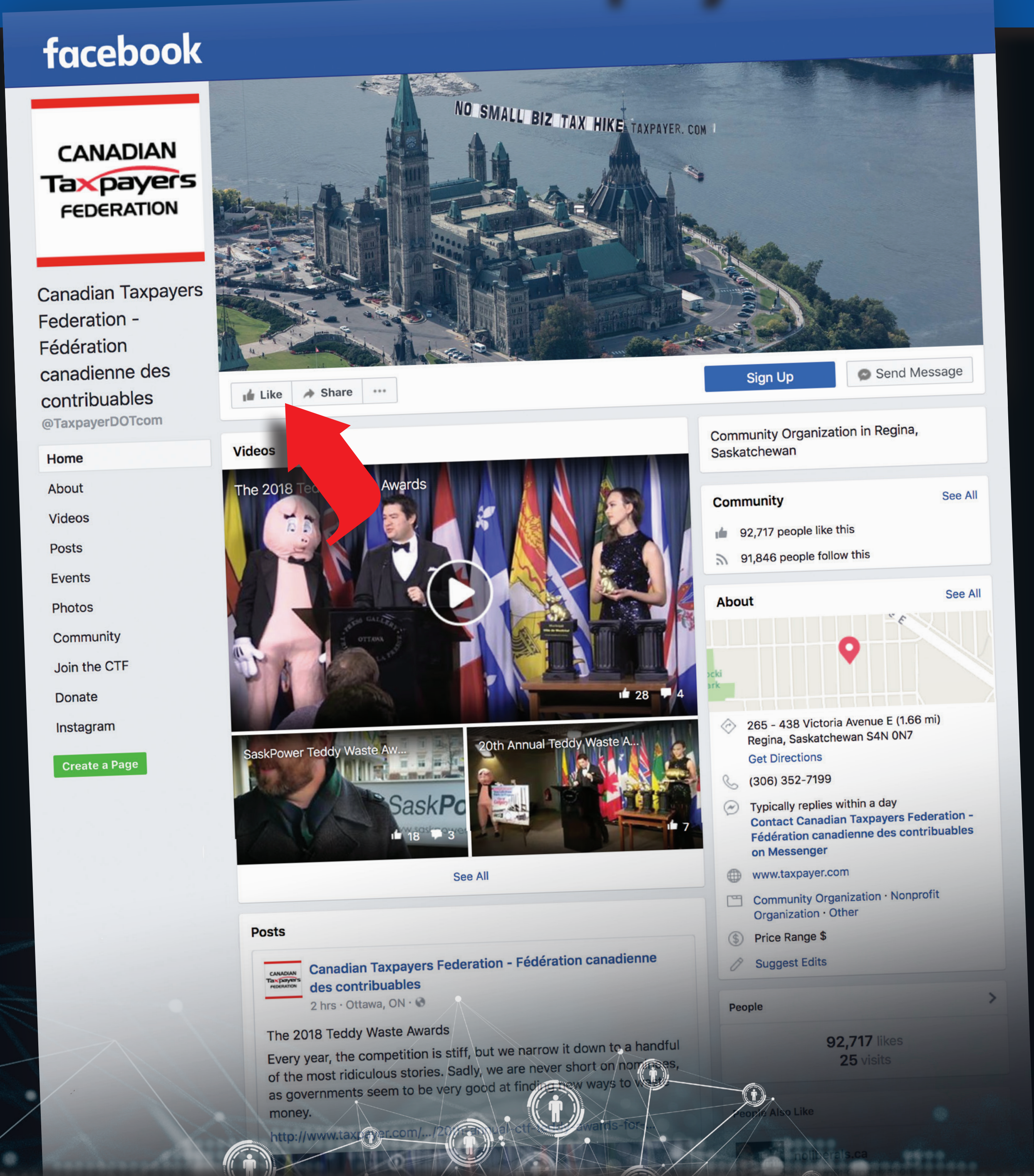

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